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BELFAST TALKS — Sinn Féin's delegation leaving the Stormont Parliament on Friday after their first meeting with British officials. From left: Sean McManus, Siobhan O'Hanlon, Martin McGuinness, Lucinda Blarney and Gerry Kelly. Both delegations described the historic session as useful. Page 2.

Europeans Back Off On Bosnian Pullout

Allies Fear Withdrawal Would Lead To U.S. Air Strikes and Wider War

By William Drozdzal
Washington Post Service

ESSEN, Germany — The European allies backed away Friday from threats to withdraw their peacekeeping forces from Bosnia after realizing that such a step could accelerate efforts by the United States to lift the arms embargo and launch air strikes against rebel Serbs.

After evoking the prospect of a rapid pullout of the 23,000 UN troops in Bosnia earlier this week, France and Britain concluded that such a move might revive what they believe is the disastrous American option of "lift and strike."

Both nations fear that a pullout would precipitate a major crisis with Russia, a

European Union leaders seek more money for cross-border transport. Page 4.

wider conflagration in the Balkans and a possibly fatal breach in the Atlantic alliance, senior officials said.

The U.S. secretary of defense, William J. Perry, said Friday in Washington that American participation in any such operation would be a "combat operation" in which U.S. troops would be prepared to use "overwhelming force." (Page 4.)

The reassessment by France and Britain, which maintain the two largest troop contingents serving with the UN force in Bosnia, came as the 12 leaders of European Union governments opened a summit meeting here in the heart of Germany's rust belt.

Although it was intended to approve a new strategy to embrace former Communist states in central and eastern Europe, the agenda of the meeting has been overtaken by the ominous turn in Europe's bloodiest conflict since World War II.

The European leaders welcomed the Clinton administration's promise to contribute up to half the troops necessary for an evacuation of the UN force. NATO military officials estimate that the total number of soldiers in such a rescue operation could be 20,000 to 25,000, although some estimates have gone as high as 50,000.

But French and British officials said they feared that once the Americans led a possibly perilous mission to extricate the UN peacekeepers, the United States would feel free to resume about lifting the arms embargo to help the Bosnian Muslims redress the balance and employing broader, hard-hitting air strikes against rebel Serbs.

The NATO secretary-general, Willy Claes, said Friday in Brussels that the alliance would not take part in future UN operations under the stringent conditions imposed in Bosnia.

In the past, the United States has accepted European arguments that tougher Western action against the Serbs would provoke reprisals against their peacekeepers on the ground. The United States has

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New Partners Jointly End Ukraine's Nuclear Era

By Jane Perlez
New York Times Service

DNEPROPETROVSK, Ukraine — In the heart of one of the former Soviet Union's largest missile factories, rocket scientists who once built nuclear weapons aimed at the United States are destroying them with the help of Americans.

In the main building, a dilapidated brick structure where the portraits of pioneering Soviet space scientists hang like deities, U.S. defense contractors work alongside Ukrainian engineers to build a new plant for vaporizing the last drops of rocket fuel from SS-19 missiles.

What American officials are calling unprecedented cooperation at the Yuzhmach plant is a result of nearly three years of coaxing by Washington to persuade Ukraine, the world's third-largest nuclear power, to give up its weapons.

The Ukrainian Parliament overwhelmingly approved the country's accession to the Nuclear Nonproliferation Treaty in mid-November after a stirring speech by President Leonid M. Kuchma, a rocket engineer who used to be the top manager of the Yuzhmach plant. The vote opened the way for Ukraine to renounce its nuclear status formally.

Here at the factory, 250 miles (400 kilometers) southeast of Kiev, 60-foot aluminum shells from seven SS-19 rockets lie on their sides like giant empty canisters in a weed-strewn yard. Hauled here by train from a missile site, they will be the first of 130 SS-19s to be cut up when the completed plant starts up next year.

To see one's life work end up on the chopping block is hard for men like Gemadii Shevchenko, 57, a ruddy-faced specialist who toiled for years in top secrecy over rocket engines and satellite systems.

"As an engineer, I feel sorrow," he said. "A lot of brains, a lot of ideas, a lot of life, was put into this. Destroying this is like cutting your heart."

Then he added: "As a citizen, I understand." John Connell, in charge of strategic arms elimination for the U.S. Defense Nuclear Agency, has come to know his Ukrainian counterparts in meet-

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Pope Backs Women's Right to Active Public Life

By Alan Cowell
New York Times Service

ROME — Often the target of feminist criticism, Pope John Paul II issued an endorsement on Friday of the advancement of women and urged women to take a lead in promoting peace.

In a message to celebrate World Peace Day on Jan. 1, however, he qualified his remarks by saying that the role of women within the family was "unique" and that their presence in public life should not detract from it.

The pronouncement reflected the uneasy relationship between the Vatican and women opposed to its thinking on issues such as its rejection of the ordination of women

priests and its resistance to the elevation of religious women to the highest offices in the church.

The Pope has also courted the ire of feminist and other groups with his conservative views opposing abortion and artificial means of birth control and with his opinion that women's role within the family is paramount.

In his message, however, the Pope seemed to go further than usual in endorsing the advancement of women in politics and other parts of public life.

Women, the Pope said, have attained "a remarkable degree of self-expression in cultural, social, economic and political life, as well, of course, as in the family."

"The journey has been a difficult and complicated one and, at times, not without its share of mistakes," he said.

"But it has been substantially a positive one, even if it is still unfinished due to the many obstacles, which, in various parts of the world, still prevent women from being acknowledged, respected and appreciated in their own special dignity."

"Women have a full right to become actively involved in all areas of public life," the message said, "and this right must be affirmed and guaranteed, also, where necessary, by legislation."

But it went on: "This acknowledgement of the public role of women should not however detract from their unique role within the family. Here their contribution to the welfare and progress of society, even if its importance

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In Surprise, Telekom Chief Quits Post

By Brandon Mitchener
International Herald Tribune

FRANKFURT — The head of Germany's huge state telephone monopoly, Helmut Rieke, surprised Bonn on Friday by announcing his intention to resign Jan. 1, the same day the company begins its march toward privatization, and even as the company faces an embarrassing inquiry into employee corruption.

His resignation comes two days after German prosecutors announced that they were conducting a broad investigation into telephone fraud involving employees of Deutsche Bundespost Telekom.

Telekom attributed Mr. Rieke's resignation, just seven months after he had renewed his contract for two years, to "personal reasons" and said the decision had been reached "a while ago."

Telekom vehemently denied that the resignation had anything to do with an expanding police investigation into telephone fraud.

German police acting on orders from the Cologne prosecutor's office have raided at least 14 sites across Germany and arrested at least two Telekom employees charged with making calls to phone sex agencies in the Caribbean at Telekom's expense.

An industry source said that phone fraud in Germany might involve several thousand Telekom employees and cost the company and its customers "as much as half a billion marks" a year.

"It was a big surprise for his co-

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A Gaffe Too Many: U.S. Health Chief Out

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton on Friday dismissed Surgeon General Jocelyn Elders, long a lightning rod for conservative critics because of her statements on drug use and sex.

The White House chief of staff, Leon E. Panetta, said the resignation came after Dr. Elders, the nation's top public health official, had said masturbation should be taught in schools.

Mr. Panetta said that Dr. Elders' comment "was just one too many" in a series of controversial remarks and that Mr. Clinton had demanded she resign.

"The president thinks this is not something schools should do," Mr. Panetta said. "If she had not resigned, she would have been terminated," he said.

With conservative members of Congress already trying to force her from office, the decision to let Dr. Elders go appeared to be the latest in a series of shifts by Mr. Clinton and his advisers aimed at closing ground with Republicans and quieting their complaints.

Since the Nov. 8 elections, when scores of Democrats were swept from office, Mr. Clinton has issued a high-profile call for

increased defense spending and invited Republicans to a January meeting aimed at reaching agreement on a plan to overhaul the welfare system.

And to compete with the Republicans' quest to shrink the government, Mr. Clinton's deputies are preparing what they describe as bold budget proposals that call for spending cuts far deeper than the White House had envisioned just five weeks ago.

Dr. Elders' dismissal came after remarks she made on Dec. 1 at a World AIDS Day conference in New York, when

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Yeltsin Authorizes 'All Means' Of Force to Subdue Chechens

Compiled by Our Staff From Dispatches

MOSCOW — President Boris N. Yeltsin authorized the Russian government Friday to use force in the breakaway republic of Chechnya, telling his cabinet to employ "all the means at the state's disposal" against illegal armed groups there.

The authorities in Chechnya ordered schools closed, and residents of Grozny, the capital, frantically built fortifications amid rumors of an imminent assault by Russian troops.

In a decree issued Friday evening, Mr. Yeltsin said unspecified militias in Chechnya were "causing bloodshed, taking lives and violating the rights of Russian Federation citizens."

He instructed the government to disarm those groups and uphold the law while using "all the means at the state's disposal."

Mr. Yeltsin stopped short of declaring a state of emergency in Chechnya, which declared its independence from Russia in

1991. But though the language of his decree was obscure, the implications were not.

"The government has various means at its disposal," said Denis Perkin, a Yeltsin spokesman. "There is the Foreign Ministry, the Defense Ministry, the Interior Ministry — all the law-enforcement bodies. The government can use all these means to fulfill the president's instructions."

Mr. Yeltsin's decree, which took effect immediately, was published as the defense minister, General Pavel S. Grachev, left Moscow for the northern Caucasus region, where Chechnya is situated.

The main opposition force in Chechnya said Friday that it would resume combat on Monday to topple the separatist president, Dzhokhar Dudayev, the Russian press agency Itar-Tass reported.

The Moscow-backed opposition was de-

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A Chechen singing Allah's praises Friday in Grozny. Crowds gathered there to organize a defense against any invasion.

General's Flight Cost \$120,000, Less \$85 for the Cat

By John F. Harris
Washington Post Service

WASHINGTON — A commercial flight was leaving the next day, but that wasn't soon enough for General Joseph W. Ashy. Instead, the new leader of the U.S. Space Command traveled on an air force C-141 transport jet — which flew him, an aide and the family cat from Italy to Colorado at an estimated cost of at least \$120,000.

General Ashy's flight — on a 200-passenger plane equipped with a luxury cabin and carrying a steward on its crew of 13 — was convenient at the time, but it is big trouble now. After a complaint from Capitol Hill, the Defense Department's acting inspector-general, Derek J. Vander Schaaf, has agreed to investigate the propriety of the flight and whether air force public-affairs personnel were truthful in answering press inquiries about it.

General Ashy, who followed Pentagon regulations by paying an \$85 fare for the cat, declined to comment. A

spokesman at the Space Command in Colorado Springs said General Ashy and his aide considered taking a commercial flight from Rome on Sept. 10, but worried that the schedule would not give him enough time for an eight-hour training course in Colorado the next day. So the C-141 flight was set for Sept. 9.

General Ashy, a 52-year air force veteran and fighter pilot, did not want to leave earlier because he was still commanding the 16th Air Force in Italy, which included directing air missions over Bosnia.

The flight looks bad, air force officials acknowledged, adding that no regulations were broken. General Ashy, they said, was on a tight schedule and asked an aide to see if any government planes were heading his way. Subordinates went overboard, an air force official said, and an empty C-141 was ordered across the Atlantic.

The C-141, which costs about \$3,400 an hour to run, flew from McGuire Air Force Base in New Jersey to Naples, and then back to Colorado. Total flight time was

31 hours, officials said, including two midair refuelings.

The price tag gave Senator Charles E. Grassley, Republican of Iowa, a case of sticker shock, and he asked Mr. Vander Schaaf to investigate.

In a letter to the inspector-general, the senator said he learned about the incident from the Newsweek military-affairs columnist, David Hackworth, a highly decorated retired army colonel who is planning an article about the flight.

Mr. Hackworth is "disturbed by the arrogance that General Ashy's behavior appears to represent," and believes that "air force officials have repeatedly lied to him" and an ABC News producer who collaborated with him in investigating the episode, Senator Grassley wrote.

The Space Command spokesman said General Ashy had no idea until he got on the flight that a C-141 had been dispatched especially for him, but assumed he would be on a flight that was already traveling from Europe to the United States.

Klosk

U.S. Curbs ATRs In Icy Weather

WASHINGTON (AP) — The U.S. government ordered airlines Friday not to fly ATR commuter planes in icy weather, effective immediately.

The ban on the French- and Italian-built planes came after the Federal Aviation Administration received new information from the manufacturer that ice could be a hazard under certain conditions, officials said.

Ice was a prime suspect in the crash of an ATR-72 on Oct. 31 in Illinois, killing 68 people.

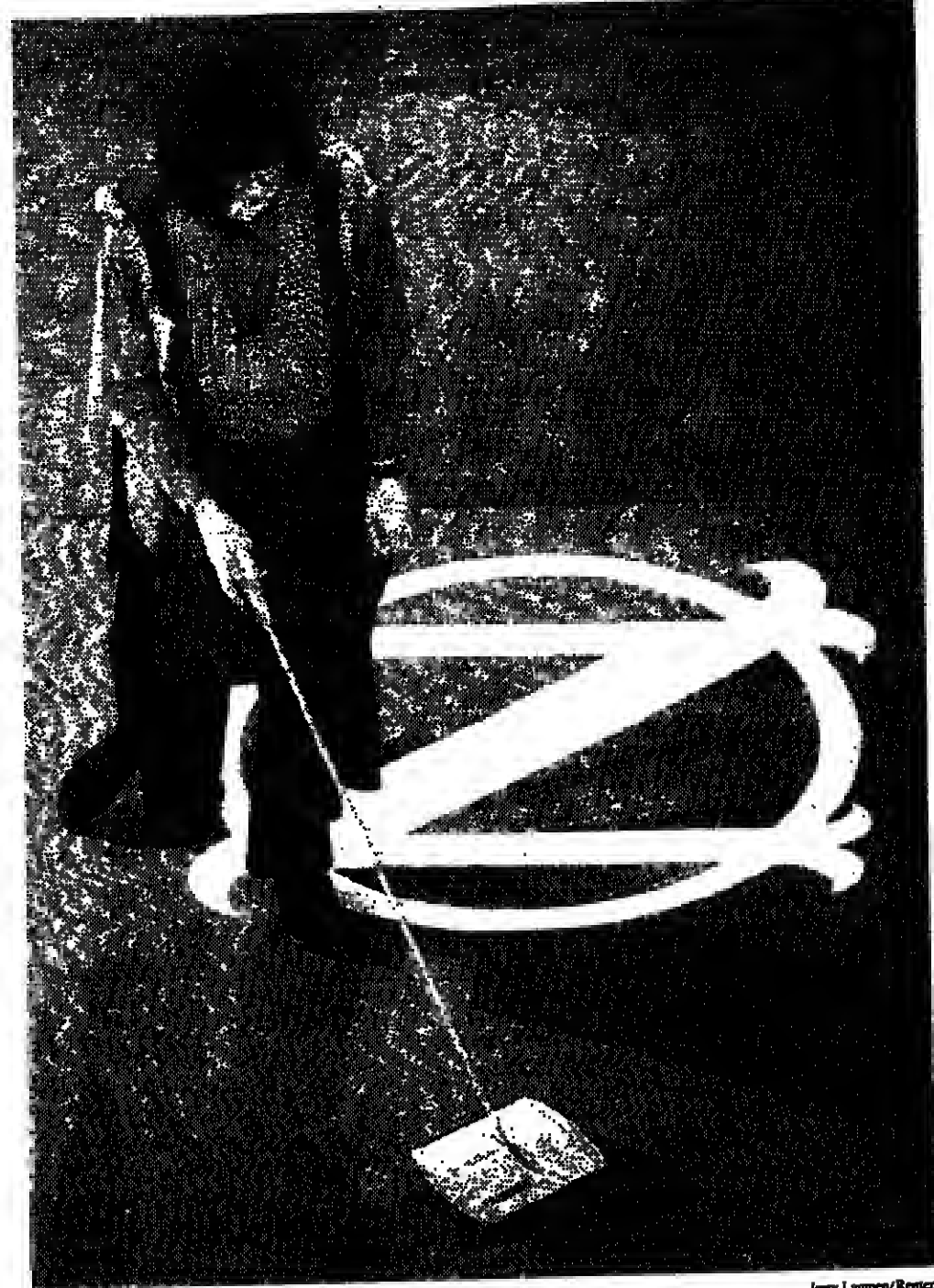
Book Review

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Dow Jones	Trib Index
Up 5.38	Down 0.54%
3891.11	110.47

The Dollar	Int. close	previous close
Dfl	1.577	1.577
Pound	1.56	1.5636
Yen	100.075	100.55
FF	5.4165	5.414

Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L. Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Armenia.....1,400 CFA	Qatar.....8.00 Riels
Egypt.....E.P. 5000	Réunion.....11.20 FF
France.....960 CFA	Saudi Arabia.....9.00 R.
Gabon.....960 CFA	Senegal.....960 CFA
Greece.....300 Dr.	Spain.....200 PTAS
Italy.....2,600 Lire	Tunisia.....1,000 Din
Ivory Coast.....1,120 CFA	Turkey.....T.L. 35,000
Jordan.....JD 1.50	U.A.E.....8.50 Dirh
Lebanon.....US\$ 1.50	U.S. Mil. (Eur.) \$1.10



An Oslo City Hall employee sweeping the carpet Friday for the Nobel Prize ceremony.

3 Laureates in Oslo for Award But in Mideast, People Ask, 'What Peace?'

By Clyde Haberman
New York Times Service

JERUSALEM — Israeli and Palestinian leaders flew off on Friday to pick up their shared Nobel Peace Prize in Oslo, where they are likely to find the political climate considerably warmer than what they left behind.

Their departures for the Nobel ceremony on Saturday said a lot about the balance of power.

Prime Minister Yitzhak Rabin and Foreign Minister Shimon Peres of Israel went to Norway on an Israeli military plane, accompanied by an entourage of 100 guests, aides and security guards.

Yasser Arafat, who does not have a plane left alone an air force, left his self-rule headquarters in the Gaza Strip, drove into Egypt and then boarded a small jet provided by the Norwegian government.

"We're not rich like the Israeli government," Mr. Arafat said teasingly on Thursday, casting himself, with Mr. Peres at his side in Gaza, as the poor country cousin of the Oslo extravaganza.

But even if their travel arrangements were unequal, the recipients had a lot more in common than the Peace Prize, the first one awarded to more than two people since the Nobel honors began in 1901.

In gamblers' parlance, none of them is on a roll. Mr. Arafat has been politically clobbered in Gaza, where the intifada began seven years ago Friday.

Foreign aid has been slow to arrive and his self-rule government is struggling, beset by a strong Islamic resistance and a cascade of criticism from Palestinians questioning his competence, his commitment to democracy and his ability to make the transition from revolutionary to governor.

Moreover, many Palestinians doubt that the Nobel award by itself can turn things around for him, especially since people in Gaza and the West Bank have little affection for the prize.

The last Middle Eastern winners were Prime Minister Menachem Begin of Israel and President Anwar Sadat of Egypt, in 1978, when they signed the Camp David accords. To Palestinians, those agreements were a sellout of their interests.

"The Nobel Prize is not important in Palestinian consciousness because some who received it in the past were not

seen by our people as peacemakers," said Ghassan Khatib, a former Palestinian peace negotiator and lecturer at Bir Zeit University in the West Bank.

For their part, Mr. Rabin and Mr. Peres may find it a relief to be away from home.

They are routinely lionized overseas as men of vision and daring for trying to create a new order for Israelis and Palestinians. But in Israel, where people tend to see the glass as half empty, they and their Labor Party could not be walking a rockier road.

Opinion polls suggest that if elections were held today, Mr. Rabin would lose to Benjamin Netanyahu, leader of the rightist Likud party and an opponent of Israel's self-rule agreement with Mr. Arafat.

Instead of rejoicing in their peace treaty with Jordan and new contacts with other Arab states, Israelis worry more about a steady wave of terrorist attacks by Islamic radicals from the territories.

Instead of celebrating a sharp drop in unemployment and economic growth estimated this

year at a robust 6.5 percent, they have dwelt on their climbing inflation rate, now 15 percent, on an unpopular new capital-gains tax and on a stock market that has lost 40 percent of its value in 1994, peace or no peace.

A few months ago, Mr. Rabin's party lost control of the giant labor federation, Histadrut. Frantic Labor Party leaders, smelling possible disaster in the 1995 elections, have begun squabbling among themselves, so fiercely that one member of Parliament, Avraham Burg, warned this past week that the party was "a footstep away from the abyss."

At a Labor caucus the other day, a lawmaker named Shlomo Buhbi pleaded with Mr. Rabin not to go to Oslo. "Yitzhak, the house is on fire," he said. "Stay in Israel, and we'll put it out."

Many other Israelis also wanted their government leaders to stick close to home, because they were appalled that the Nobel Peace Prize was being shared with Mr. Arafat, whose terrorist past is hardly forgotten.

Two polls this past week showed that only a minority of Israelis wanted Mr. Rabin and Mr. Peres to go to the ceremony.

In Oslo, where the police are on full alert, protest demonstrations have been held, as they have in Israel, where critics point to the continuing violence and ask: What peace?

Syria Agrees to U.S. Talks

Syria repeated its refusal on Friday to hold secret talks with Israel, but said it had agreed to "exchange ideas" with the Israelis in Washington with the participation of the United States, Reuters reported.

The Syrian foreign minister, Farouk Shara, said in Lebanon, "Syria agreed to the proposal that meetings between the Syrian and Israeli sides to exchange ideas take place in Washington."

He added that "knots" in the Israeli-Syrian negotiations "could be unraveled" paving the way for the continuation of negotiations on the Syrian and Lebanese tracks with Israel.

Three years of U.S.-brokered peace talks between Syria and Israel are deadlocked over the extent of an Israeli withdrawal from the Golan Heights.

Lebanon's talks with Israel, which occupies a 13-kilometer (9-mile) strip on the Lebanese border, are also bogged down.

Security Scare As Peres Falls On Oslo Rails

Reuters

OSLO — Foreign Minister Shimon Peres of Israel provoked a security scare in Oslo on Friday when he slipped on a tram track as he walked in the street and fell, cutting his eye.

Mr. Peres and Prime Minister Yitzhak Rabin of Israel, in Oslo to receive the Nobel Peace Prize jointly with the PLO leader, Yasser Arafat, were walking to their hotel after attending a service at the city's synagogue.

The Jewish Sabbath, which lasts from sunset Friday until sunset Saturday, barred them from using cars on their way back.

As Mr. Peres fell, members of an 800-member security force guarding the leaders shouted: "Don't move! Don't move!" while they scanned the area for possible attackers.

The minister, helped to his feet by bodyguards, was bleeding from a cut over his right eye but continued on foot.

AMERICAN TOPICS

On Road, Drowsiness Is as Deadly as Drink

Drowsy drivers may cause as many accidents as drunken drivers — 30 percent of fatal crashes in one study. At least one American driver in every 20 has caused an accident by dozing off at the wheel, sleep researchers say.

Don't blame boring highways and long drives for drowsiness and driving, said Thomas Roth, a researcher at Henry Ford Hospital in Detroit. Instead, he said, blame a stubborn unwillingness to submit to slumber and a lifestyle with inadequate time for sleep.

"The dangerous driver is the one who is sleepy, but won't admit it," Dr. Roth said. This is showing up as thousands of automobile accidents and deaths, he said.

Allan I. Pack of the National Institutes of Health said a New York State study showed that sleepiness was a factor in 82 percent of accidents in which the vehicle left the roadway.

In another survey, 20 percent of U.S. drivers admitted that they had fallen asleep at some time while driving.

There are 1.3 million single-vehicle crashes each year in the United States, said Dr. Pack. In two-thirds of the accidents, the driver made no

attempt to brake or steer back onto the road.

What to do if you get sleepy at the wheel? Caffeine is not the solution, the experts say; instead, pull over and sleep.

Short Takes

Infant mortality in the United States reached an all-time low last year, according to the National Center for Health Statistics. The rate fell to 8.3 deaths per 1,000 live births in 1993, a decline from 8.5 deaths per 1,000 the year before.

Thanks in large part to the popularity of microwave popcorn, sales of unpopped popcorn have nearly doubled in the past decade, from 611 million pounds (about 280 million kilograms) in 1982 to 1.16 billion pounds last year. The Washington Post reports.

American consumers no less than 73 quarts of popcorn per person per year — salted, buttered or caramelized. Two-thirds is consumed at home and much of the rest at ballparks and movie theaters.

A skier lost in a Sierra blizzard near Squaw Valley, California, remembered his Boy Scout training and survived. Alan Austin, 45, said that when he was caught in freezing temperatures, driving snow and a whiteout, "I figured I was in pretty big trouble, so I built a snow cave."

He said he recalled his Boy Scout instructions: Stay in one place, find a snow drift

under a tree, build a cave and line the walls with tree limbs.

And wait. When rescuers found him two days later he had suffered only mild frostbite on his fingers and toes.

Parents can use a new device called Time Slot to dole out a limited number of hours for watching television and playing video games. Each family member is issued an individual card, which is passed through a slot to "buy" tube time. In addition to monitoring how long the TV is used, the device priced at \$149.95, can be programmed to block out particular viewing time such as late-night hours. It is sold in department stores, specialty shops and toy stores. One satisfied customer wrote: "I love it. The kids hate it."

Michigan law prohibits the courts from enforcing collection of gambling debts, an appeals court in Detroit said in ruling that a collection agency could not force a Michigan man to pay a \$5,000 debt to a Las Vegas casino. International Recovery had gone to court to force John H. Gabler, 47, to pay a 1986 debt to the Sands Hotel and Casino that now stands at \$10,770 with interest. A Sands vice president, Shelley Berkley, said the ruling could hurt visitors to casinos who want to gamble on credit. International Recovery is considering an appeal, its attorney, Keith Naisanson, said. Gambling is illegal in Michigan, except on tribal lands.

International Herald Tribune

WORLD BRIEFS

SWAPO Dominating Namibia Vote

WINDHOEK, Namibia (Reuters) — President Sam Nujoma and his governing South-West Africa People's Organization, or SWAPO, swept into the lead in general elections, taking 9 out of the first 10 constituencies announced on Friday by electoral officials.

In two constituencies, his sole rival in the presidential race, Mishake Muyongo, of the opposition Democratic Turnhalle Alliance, received only 86 votes to Mr. Nujoma's 8,360.

In Arandis, near Swakopmund on the Atlantic coast, electoral officials said Mr. Nujoma had won 3,212 votes, compared with 493 for Mr. Muyongo, whose party had so far taken only one seat. Final results are not expected until early next week, although Mr. Nujoma and his party, in power since independence from South Africa in 1990, are expected to win a large majority.

Mozambican Sworn In, Rival Attends

MAPUTO, Mozambique (AP) — President Joaquim Chissano took his oath of office Friday as the first leader of a democratic Mozambique emerging from nearly two decades of war.

Addressing an audience that included his bitter wartime rival, Afonso Dhlakama, of the Mozambique National Resistance Movement, Mr. Chissano pledged to rehabilitate the country. "There is no force that can destroy the unity of Mozambicans," he said.

Mr. Chissano, who had presided over a one-party state, won the country's first multiparty elections in October. Mr. Dhlakama came in second and will lead the parliamentary opposition.

Nelson Mandela of South Africa, Robert Mugabe of Zimbabwe and José Eduardo dos Santos of Angola attended the ceremony, held in sweltering heat in the capital's Independence Square.

India Leader Faces Revolt Over Losses

NEW DELHI (Reuters) — Prime Minister P.V. Narasimha Rao's Congress (I) Party was heading for a major crisis Friday after opposition groups looked set to sweep state assembly elections in at least three of four states.

As vote-counting proceeded, the party appeared to be headed for a humiliating defeat at the hands of the regional Telugu Desam Party in Andhra Pradesh, Mr. Rao's home state. His opponents in the Congress (I) Party said they were meeting to decide whether to seek a change in the party leadership, and opposition parties said they might move a no-confidence motion against Mr. Rao in the current session of Parliament.

Congress (I) was also losing in Karnataka state, where the centrist Janata Dal was emerging as a clear winner, and in the border state of Sikkim. In the western state of Goa, Congress (I) was in a close race with an alliance led by the Hindu nationalist Bharatiya Janata Party.

U.S. Seeks Better Ties With Lebanon

BEIRUT (Reuters) — The United States, apparently in a change in policy toward Lebanon, said Friday that it wanted to improve relations with the Middle Eastern country "on all levels."

"We want to see the ties between the United States and Lebanon improve and increase on all levels," Robert H. Pelletreau Jr., assistant secretary of state for Middle Eastern affairs, said after talks with President Elias Hrawi.

He comments followed several months during which Secretary of State Warren M. Christopher and other American officials angered Lebanese officials by ignoring the country during their peacekeeping visits to the region. Also, the U.S. Import-Export Bank — a government agency — last week quietly resumed loan operations to Lebanon's public and private sectors.

Paris Shifts 2 Police Investigators

PARIS (Reuters) — Two senior French policemen in charge of financial investigations are to be transferred to other jobs, one of them becoming head of the fight against the Basque separatist guerrilla group ETA, officials said Friday.

Yves Loeut, national head of financial investigations, is to become chief inspector of police services. Patrick Riou, head of financial investigations in Paris, will be the Paris-based coordinator of operations against ETA.

Interior Ministry officials said the moves, effective early next year, had long been planned. They dismissed speculation that they could be an attempt to stifle a series of probes into political corruption scandals. One police official pointed out that magistrates, rather than police chiefs, control investigations.

Berlusconi to Meet With Prosecutors

ROME (AP) — Prime Minister Silvio Berlusconi will meet with prosecutors Tuesday in their investigation of his Fininvest media conglomerate, news reports said.

Milan prosecutors informed him on Nov. 22 that he was a suspect in their inquiry of alleged payoffs by Fininvest officials to tax inspectors. He was asked to appear for questioning, Mr. Berlusconi, who was in Germany for a European Union meeting, said that prosecutors had confirmed an appointment for Tuesday, the AGI news agency said.

The prime minister has denied any wrongdoing and has alleged that the prosecution was politically motivated.

For the Record

A mortar bomb wounded five Indian peacekeepers in Somalia, and the last Indian troops prepared on Friday to complete their pullout from the southern port of Kismayu. (Reuters)

Suspected Muslim militants shot dead two police guards near a train station in the southern Egyptian town of Mallawi on Friday, security sources said. (Reuters)

TRAVEL UPDATE

Fire at the Eurotunnel Shuttle Train

FOLKESTONE, England (AFP) — A car caught fire on Friday, as it was being loaded onto a shuttle train in the Channel Tunnel at the Folkestone terminal, according to the owner, Eurotunnel.

Fire fighters rapidly put out the blaze, which did not cause any injury, allowing service to resume promptly after the "immediate" application of standard security measures, a spokesman said.

Eurotunnel is still awaiting authorization from a French-British intergovernmental commission to allow private cars to travel on the shuttle. Currently, only company stockholders, journalists and tourist operator representatives are allowed on.

British Airways is expanding its service from London to Cape Town from two to three flights weekly starting in April. (AFP)

Stiff new Spanish controls on the border with Gibraltar have stirred fears that Spain plans to close the border, according to Ernest Montado, Gibraltar's senior civil servant. (Reuters)

All Nippon Airways said it would begin scheduled services jointly with Eva Air, a member of the Evergreen group of Taiwan, between Taipei and Fukuoka, Japan, beginning Dec. 12. (AFX)

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9 Injured on Japanese Plane

Agence France Presse

TOKYO — Six passengers and three crew members on a Japan Air System Airbus were injured Friday when the airplane, with 154 aboard, encountered turbulence, the Transport Ministry said. The injured, who suffered bruises and cuts, were hospitalized after the domestic airplane landed at Tokyo's Haneda airport.

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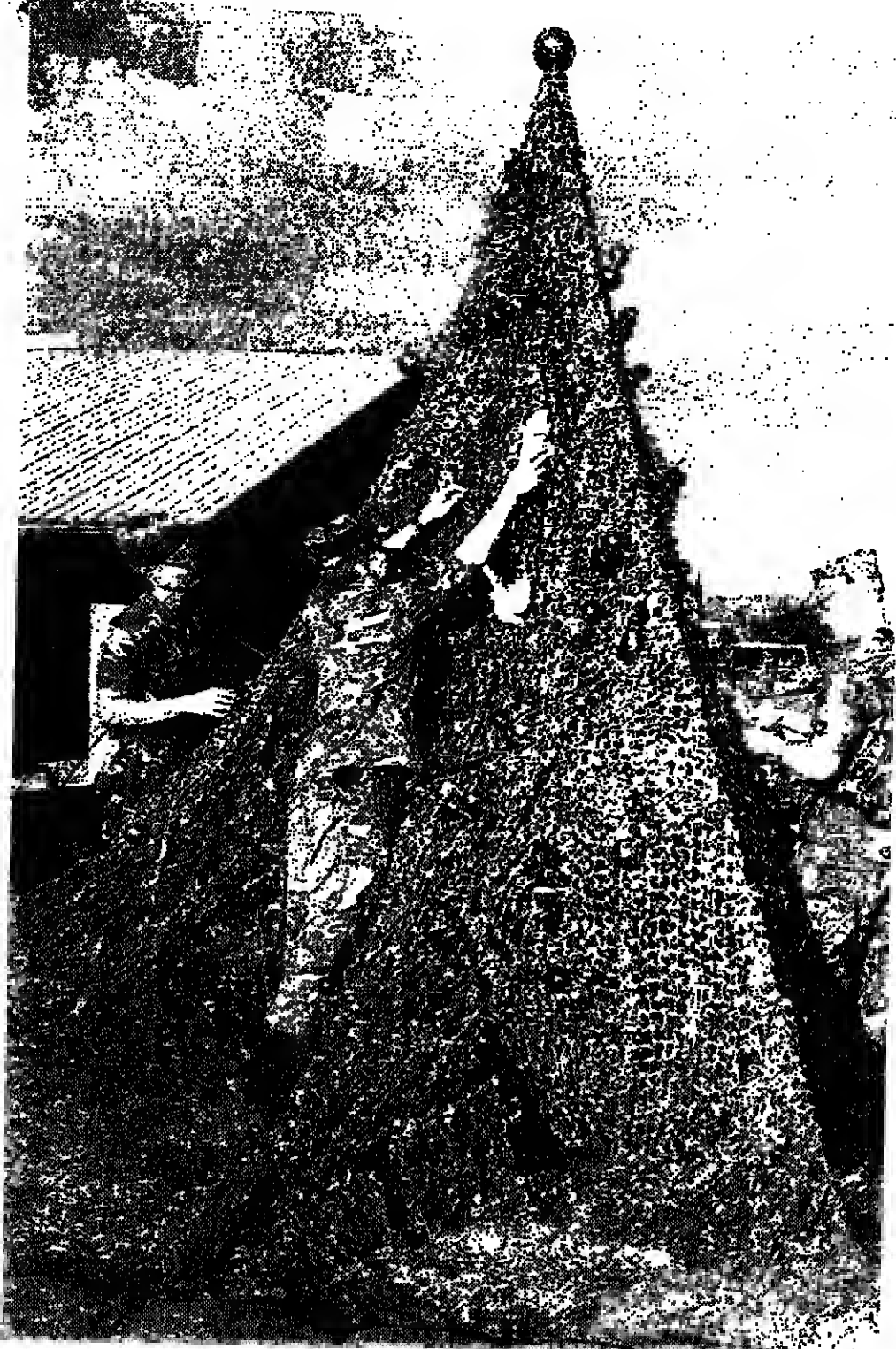
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CHRISTMAS CAMOUFLAGE — U.S. military policemen trimming the "tree" they have set up with camouflage netting outside their camp in Port-au-Prince, Haiti.

Pentagon to Slash \$7.7 Billion in Arms Programs

New York Times Service
WASHINGTON — The Pentagon announced Friday that it would cut \$7.7 billion in new weapons programs over the next six years to help pay for increased salaries and improved living conditions for American troops.

Coupled with President Bill Clinton's decision last week to add \$25 billion to the military's budget through 2001, the action reflects an effort by the administration to increase military readiness and to support military personnel at the expense of modernizing its arsenal.

The administration's decision to shift money into readiness from hardware also underscores the efforts by the White House to blunt criticisms from Republican legislators that forces are stretched too thin.

The Pentagon conceded last month that three army divisions were below peak readiness.

"We believe that these adjustments are acceptable," Defense Secretary William J. Perry said, "they protect our technology base, and they allow important force modernization programs to continue at a rate that we can afford and they do provide the necessary savings which help us increase funding for readiness."

In a widely publicized memorandum last August, Deputy Defense Secretary John M. Deutch ordered the army, the navy and the air force to pre-

pare plans to cancel or delay as much as \$20 billion in new weapons systems in development. President Clinton's announcement reduced the size of the necessary cuts.

Under the plan, the military will cancel an air force "Stealth" missile system at a savings of \$2.1 billion, revamp the army's Comanche helicopter program to build only two prototypes at a savings of \$2.1 billion, build two fewer navy destroyers to save \$1.5 billion and delay procurement of attack submarines for a year, saving \$1.5 billion.

Personnel Cuts
The army and the air force have announced personnel reductions that will cut tens of thousands from the military's uniformed and civilian ranks over the next two years, Reuters reported from Washington.

The army will go from 12 to 10 active-duty divisions and cut thousands more positions from the support ranks for a net reduction of about 10 percent over the next 19 months. The service will be reducing its 74,000-man force in Germany by about 10,000.

Mr. Bonior's proposal was immediately denounced as "ill-considered" by Mr. Gingrich's office. "The matter is currently pending before the ethics committee of the 103d Congress," said Tony Blankley, a Gingrich spokesman, "and I fully expect that committee to favorably complete its deliberations" before the new Congress convenes Jan. 4. (LAT)

She said there could be "constraints" on the type of people involved. (NYT)

POLITICAL NOTES

Turning Up Heat on Gingrich

WASHINGTON — The second-ranking Democrat in the House has called for an investigation of an ethics counselor to investigate whether the next speaker of the House, Newt Gingrich, Republican of Georgia, has violated House ethics rules and federal tax codes with his network of political organizations.

The allegations, already under review by the House ethics committee, suggest that the House Republican leader used funds and organizations that were designated as nonpartisan to recruit, fund and train Republican candidates and party activists.

"With the multitude of unanswered questions, ethical allegations and serious conflicts of interest faced by the incoming speaker of the House, I believe that it is imperative that we have an independent, nonpartisan" counsel to carry forward the investigation, Representative David E. Bonior, Democrat of Michigan, the incoming House minority whip, said at a news conference.

Judges' Judge Makes Point

WASHINGTON — Three senior Clinton administration officials recently trudged up to Capitol Hill on short notice to confer with Senator Orrin G. Hatch, soon to be the new chairman of the Senate Judiciary Committee.

It turned out to be something other than a simple courtesy call. The Utah Republican was, by all accounts, his usual courtly self. But he was unusually blunt in discussing the new political situation that will come with Republican control of the Senate.

He told the Clinton aides that he was now the principal gatekeeper on the is-

suc of who gets to be a federal judge. And, he said, he will not hesitate to engage the administration in combat on that issue.

Asked in an interview about what kind of people President Bill Clinton will now be trying to put on the federal bench, Eleanor Acheson, a senior Justice Department official, said, "I don't think anybody in the administration is laboring under the notion that the culture and environment hasn't changed drastically."

Quote/Unquote

Representative Gingrich on his struggle to get the barbed side of his personality under control so that he can behave in a way that he feels is more appropriate to his new role as House speaker: "Either I have to close down that part of my personality, or I've got to learn to be more careful, more specific, about what I say." (NYT)

Clinton Sharpens His Ax For the Executive Branch

By Ann Devroy and Stephen Barr
Washington Post Service
WASHINGTON — President Bill Clinton's senior economic and political advisers are preparing budget options that would dramatically slash departments and agencies and may even eliminate a cabinet department, as the White House competes with the new Republican Congress to cut the federal government.

A senior official said that while the options include eliminating departments such as Energy and Housing and Urban Development, advisers are more concentrated on "serious, significant, major restructuring" rather than jettisoning a department.

Republicans who control the House and Senate have already stated they intend to do major surgery — if not start from scratch — on the fiscal 1996 budget that Mr. Clinton will send to Congress in February.

The White House has totally shaken up its budget process to produce what officials describe

as a "much more audacious response" to the Republican gains and to emphasize Mr. Clinton's desire to move more toward the political center.

A senior administration official said that Mr. Clinton had asked for "serious recommendations" for cutting or eliminating departments or programs.

A second official said the Department of Housing and Urban Development was once considered a prime candidate for elimination but that Secretary Henry G. Cisneros has produced a workable set of proposals that call for "dramatic restructuring" to save money.

Energy Department officials recalled that when President Ronald Reagan proposed elimination of their department in 1981, the proposal failed for two reasons: the Congressional Budget Office did not believe it would save much money, and no one could decide where to move the department's biggest and most expensive function, manufacturing and maintaining nuclear weapons.

Another official noted, though, that "things that could not have been possible two months ago now make it on the table."

This official said that while the major reviews had been directed at the housing and energy departments, other government departments and agencies would be asked to justify their missions and explain why parts of their organizations continue to exist.

See our Real Estate Marketplace every Friday

Canal Boats Hunt for Cubans

The Associated Press
NUEVO EMPERADOR, Panama — Police officers searched the jungle and military speedboats patrolled the Panama Canal on Friday, hunting for Cubans who escaped refugee camps in riots that left 236 U.S. soldiers wounded.

A total of 30 refugees were unaccounted for of about 1,000 who escaped during the rioting.

The riots broke out Wednesday when refugees, angry over the slow pace of efforts to find them permanent homes, threw rocks at U.S. soldiers. The melee was brought under control on Thursday. At least 17 Cubans also were injured.

It was the worst outbreak of violence since President Bill Clinton ordered U.S. warships to intercept Cuban refugees at sea in August. About 8,500 refugees have been held at camps in Panama under U.S. supervision since September. More than twice that many are detained at the U.S. naval base at Guantanamo Bay, Cuba.

Vice President Al Gore said the riots would not force any changes in U.S. immigration policy.

"We're taking a lot of steps, including actively seeking third countries for them to go to," Mr. Gore said in a broadcast interview on Thursday.

"We are also actively reviewing humanitarian and hardship cases," he said, adding that "we are improving the conditions there."

Panamanian police helped U.S. soldiers search for the missing Cubans. Troops set up roadblocks around the four camps, 12 miles (20 kilometers) west of Panama City.

At least 26 Cubans who tried to swim the muddy canal were caught by policemen.

A military spokesman said tear gas was used at one camp to quell rioting. He said about 1,000 troops were summoned to restore calm and were welding together large sections of barbed-wire fencing knocked over by the rioters.

Mr. Cowlings's attorney, Donald Re, said that Mr. Cowlings had been offered six-figure sums for the car. "Ever since 'The Ride,' people have called asking if they could buy the Bronco," Mr. Re said.

He said the police returned the vehicle to Mr. Cowlings two months ago "and he really isn't able to use it because it's the most recognizable car in America."

Simpson Jury Selection Comes to a Close

Los Angeles Times Service
LOS ANGELES — Both sides in the O.J. Simpson murder trial have accepted a racially mixed panel of alternate jurors, concluding a grueling jury selection process that has dragged on since late September.

The final round of jury selection in the Simpson case unfolded Thursday in a tense, quiet courtroom with the two sides trading turns exercising preemptory challenges — those used to remove a panelist without stating the reason. When the process concluded, the nine-woman, three-man alternate panel included seven blacks, four whites and one Hispanic.

They will be pressed into service if any of the 12 regular jurors are removed between now and the end of the trial, a possibility that already has surfaced amid allegations of improper behavior by one or more of the Simpson jurors.

Mr. Simpson smiled broadly Thursday when the selection process finished. His two principal attorneys, Johnnie L.

Cochran Jr. and Robert L. Shapiro, strode together to the lectern, and Mr. Shapiro announced: "On behalf of O.J. Simpson, we accept the jury."

Jury selection has been under way since Sept. 26, when the first panelists filled out an extensive questionnaire probing their feelings about the case and searching for any biases that might make them unfit to serve.

More than 100 candidates were dismissed during the selection process.

With jurors and alternates now in place, the judge and attorneys can at last begin turning their attention to legal issues and evidence in the case. On Monday, they will take up a defense effort to block the introduction of any evidence of "marital discord" between Mr. Simpson and his former wife Nicole Brown Simpson.

The slashed and stabbed bodies of Mrs. Simpson and her friend Ronald L. Goldman were discovered shortly after midnight on June 13. Mr. Simpson has been charged with those murders, but the former profes-

sional football star has pleaded not guilty and has vigorously proclaimed his innocence.

White Bronco for Sale?
The white Ford Bronco seen on television around the world last June as Mr. Simpson's friend Al Cowlings drove him along Los Angeles freeways chased by the police may soon be up for sale, Reuters reported from Los Angeles.

Away From Politics

- A U.S. Navy-chartered passenger ship caught fire after docking at the U.S. naval base at Guantanamo Bay, Cuba, forcing the evacuation of hundreds of military personnel and civilians, the navy said. One woman was injured by smoke inhalation. (Reuters)
- A U.S. judge upheld the right of a Philadelphia-area hospital company to require a doctor infected with HIV to tell prospective patients of his condition. (Reuters)
- Short children are no more likely to be maladjusted than taller ones, so parents who spend thousands of dollars a year on growth hormones may be wasting their money, researchers say. Earlier studies had suggested that shorter youngsters are more likely to be shy, anxious or depressed. (AP)
- The Justice Department said 37 inmates were executed in 10 states last year, the largest number since states were allowed to resume using capital punishment in 1976. (AP)
- Hundreds of students have fallen ill with vomiting and diarrhea at Dartmouth College and Harvard University, both in New England, and epidemiologists were trying to discover if there was a connection between the outbreaks. (NYT)
- A fire whipped by winds roared through a brushy canyon and briefly threatened homes in Malibu, California, which is still recovering from last year's deadly firestorms. (AP)

TENDER NOTICE

ETHIOPIAN CIVIL AVIATION AUTHORITY
ADDIS ABABA AIRPORT PROJECT: AIRSIDE WORKS PHASE I
PREQUALIFICATION OF CONTRACTORS

1.1 The Transitional Government of Ethiopia has applied for a loan from the African Development Fund in various currencies towards the cost of Addis Ababa Airport Project: Airside Works Phase I and it is intended that part of the proceeds of this loan will be applied to eligible payments under the contract for which this invitation to prequalify is issued.

1.2 The CIVIL AVIATION AUTHORITY intends to prequalify contractors for the following works:
The project is located at Addis Ababa Airport, 5 kilometers south of the city of Addis Ababa. The project principally comprises civil engineering works including major earthworks and airport pavement work, in particular bituminous airfield pavements. The work will be undertaken while the airport continues to be operational.

The work comprises the following principal elements:

- New bituminous runway 3,800 meters long with three new taxi links designed to ACN 100 strength.
- Strengthening of an existing Taxi Track.
- New concrete aircraft parking apron of ACN 100 strength.
- Airfield lighting and essential Nav-Com works.
- Miscellaneous works like top rolling, drainage, electrical power, pavement markings, etc.

1.3 Prequalification is open to contractors and joint ventures of contractors from member countries of the African Development Bank and the African Development Fund.

1.4 Interested eligible contractors may obtain further information and inspect the prequalification documents at the office of The General Manager, Civil Aviation Authority, P.O. Box 978, Addis Ababa International Airport, Addis Ababa, Ethiopia. Tel. No. 01-610277 - Fax No. 251-1-612533 - Tlx. No. 21162

1.5 A complete set of prequalification documents may be purchased by any interested eligible applicant on the submission of a written application to the above address and upon payment of a non-refundable fee of US Dollars FIFTY ONLY. Requests submitted by mail should include a certified cheque in the amount and currency indicated above in favor of General Manager, Civil Aviation Authority.

In this case the Civil Aviation Authority will promptly despatch the documents by registered airmail, but under no circumstances can it be held responsible for late delivery or loss of the documents so mailed to the applicant.

1.6 The Prequalification documents must be duly completed and returned to The General Manager, Civil Aviation Authority, P.O. Box 978, Addis Ababa International Airport, Addis Ababa, Ethiopia. Tel. No. 01-610277 - Fax No. 251-1-612533 - Tlx. No. 21162 where they must be received before 11:00 hours on 31 JANUARY 1995. Documents which are received late will not be considered and returned unopened.

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U.S. Force in Bosnia Would Be Ready for Combat, Perry Says

WASHINGTON — Secretary William J. Perry said Friday that American troops would be prepared for combat if they participated in an evacuation of United Nations peacekeepers in Bosnia.

"If we go in on an extraction operation, and if our forces are attacked by whomsoever, we will be conducting a combat operation," Mr. Perry said, and the troops will be equipped and prepared to use "overwhelming power."

The Bosnian Serb leader, Radovan Karadzic, warned NATO and U.S. forces on Friday to steer clear of Serbs during any evacuation. Mr. Karadzic said his forces would not seek a confrontation but were ready to fight.

"If NATO or the U.S. Army want to assist the United Nations, he said, 'then they should not approach Serbian territory. We would not attack them, but if they approach Serbian territory and are hostile to us, there will be a big war between us. There will be another Vietnam.'"

The Clinton administration has offered up to 25,000 U.S. soldiers to help evacuate the thousands of UN peacekeepers threatened by fighting in Bosnia. The United Nations has not yet requested a pullout.

Mr. Perry said a UN withdrawal would be followed by a "reinvigorated" diplomatic effort to stop the fighting in Bosnia.

"If that negotiated settlement, that cease-fire, were not to be agreed to, then there would be more flexibility in the future for applying military leverage than there is today," he said.

Mr. Karadzic, although stressing Serbian determination not to flinch from a confrontation, said his self-styled Bosnian Serb republic did not want the United Nations to leave if it could be avoided.

"In terms of the military issues," he said, a withdrawal "would be a disaster for the Muslim army. But in terms of the humanitarian issue, it would be a disaster for Serbs and more so for the Muslims."

The Serbs would not oppose a withdrawal taking place without NATO intervention, he said, adding: "If the UN is withdrawing, then we will guarantee them full security on Serb territory. Of course, they will have to take their weaponry with them. They can't leave it to the Muslims."

In a related development, NATO's secretary-general, Willy Claes, said Friday in Brussels that the alliance would not take part in future UN missions un-

der the stringent conditions imposed in Bosnia.

Mr. Claes said the North Atlantic Treaty Organization's hands had been tied in Bosnia because it needed UN approval before taking action against the Serbs.

"We are losing some of our credibility because UN authorities think we have to avoid a military approach to the Bihac problem," he said, referring to the embattled Muslim enclave.

"I don't think that NATO can accept conditions that, at certain stages, paralyze us," he said in an interview with a Brussels newspaper, *Le Soir*.

Because of the problems with the United Nations, Mr. Claes also said NATO would insist on retaining — and not sharing — command if the alliance is called in to rescue endangered UN troops in Bosnia.

(AP, Reuters)

Belgrade Suspected of Breaking Its Embargo

By John Pomfret

Washington Post Service

ZAGREB, Croatia — Diplomats and UN officials say a growing body of circumstantial evidence suggests that President Slobodan Milosevic of Serbia is secretly breaking his own embargo on the Bosnian Serbs.

These sources cited increasing signs that Mr. Milosevic, despite voicing support for an internationally backed peace plan, has continued supporting the Bosnian Serb Army in its secessionist war against the Muslim-led government in Sarajevo with guns, troops and fuel.

This would mark a major breach of the embargo Mr. Milosevic announced in August. The embargo was presented then as a total cutoff of long-standing Serbian support for the Bosnian Serbs and was undertaken in an attempt to force an end to Europe's worst conflict since World War II.

The latest clue emerged Thursday when two award-winning photographers, incarcerated and beaten for two days by Serbian forces besieging the Muslim-held Bihac pocket in northwestern Bosnia, said their captors identified themselves as members of a paramilitary unit from Belgrade.

While anecdotal, the allegations by Ron Jacques of New York and Luc Delhaye of Paris prompted Peter Galbraith, the U.S. ambassador to Croatia, to say, "These are very serious reports, and they have to be investigated."

The reports highlight a complex policy pursued by Mr. Milosevic, who has hailed earlier this week by the foreign ministers of Britain and France as the last hope for peace in the Balkans.

The detailed allegations, if true, would raise doubts about the assumptions that underlie the latest European diplomatic initiatives to end Bosnia's war: that Mr. Milosevic wants peace and that he supports a U.S.-European plan to cut Bosnia roughly in half between Serbs and a Muslim-Croatian federation.

They also would contradict the claims of an international border commission, which Tuesday reported that Yugoslavia, whose dominant republic is Serbia, over the last 30 days had effectively blocked its frontier with Bosnia as promised.

Partly on the basis of that report, the United Nations Security Council will vote on whether to renew a reduction of international economic sanctions on Serbia.

Serbian forces arrested Mr. Jacques and Mr. Delhaye on Monday even though they were traveling in Croatian Serb-held territory with the permission of Serbian authorities.

In an interview Thursday, Mr. Jacques, a photographer for the Paris-based Saba photo agency, described a two-day ordeal of beatings, being doused by buckets of cold water and a mock execution. At one point, Serbs covered his head with a padded hood and beat him, Mr. Jacques said.

UN sources said that from the description, the men appeared to be part of a Serbian paramilitary unit run by a Belgrade-based gangster called Zeljko Raznatovic, also known as Arkan, whom the United States has accused of being a war criminal.

Mr. Milosevic supported Arkan in his unsuccessful bid last December for a seat in Parliament and has used Arkan's units before.

UN officials said the reports suggested that rumors of Mr. Milosevic's split with the Bosnian Serbs' self-declared government in Pale have been exaggerated, if not stage-managed, and that the recent Bosnian and Cro-

atian Serb onslaught against the Bihac pocket suggests support from Belgrade.

UN officials and diplomats pointed to the following developments as additional signs that Mr. Milosevic's support of the Bosnian Serbs has not waned:

• A large number of advanced anti-aircraft missile systems have appeared in Serbian-held parts of Bosnia since Mr. Milosevic announced the embargo. Diplomats in Zagreb have said they believe these units were supplied to the Bosnian and Croatian Serbs by Mr. Milosevic over the last month, especially since Nov. 21, when NATO launched the first of two air strikes on Serbian targets around the Bihac pocket.

• The Bosnian Serb Army, which six weeks ago was reported to be low on fuel, suddenly has a surplus, and much of it appears to be coming from the Yugoslav's other republic, Montenegro.

• There are increasing numbers of suspicious helicopter sorties close to Serbian territory along with indications of troop movements from Serbia into Bosnian Serb-held turf.

SUMMIT: Europe Backs Off on Bosnia Pullout by UN, Fearing Wider War

Continued from Page 1

declined to send any soldiers to serve with the UN forces in Bosnia.

The officials said it was imperative to reach a negotiated solution before the new Republican-controlled U.S. Congress forced a change in American policy. They said that nailing down an agreement would require new concessions to the Serbs in the international peace plan that offers 49 percent of Bosnia's territory to the Serbs and 51 percent to a confederation of Muslims and Croats.

The so-called contact group, which includes the United States, Russia, France, Britain

and Germany, has agreed that "land swaps" could occur in the map, such as handing over control of eastern Muslim enclaves to the Serbs in exchange for territorial concessions around Sarajevo. The Bosnian Serbs would also be allowed to join a confederation with Serbia.

Bosnia's Muslim-led government has firmly resisted any further concessions, and the United States has been reluctant to go along with such changes because they would punish the principal victims in the war and reward the aggressor.

But the Europeans say that reviving the lift-and-strike strategy once the UN peace-

keepers would be safely removed from Bosnia would quickly lead to a nightmare situation, involving a confrontation among the major powers, civilian massacres and a serious escalation in fighting throughout the Balkans.

Besides the serious risk of casualties in extracting the 23,000 UN soldiers scattered through the Bosnian theater, the likelihood of an escalation of fighting between Serbs, Croats and Muslims following a removal of peacekeeping forces has convinced strategists in allied capitals that the situation could rapidly spiral out of control.

Neighboring countries, such as Albania, Greece and Turkey,

and major powers including the United States and Russia could find themselves sucked into supporting rival sides in a proxy war that the French foreign minister, Alain Juppé, warns "could set the Balkans ablaze tomorrow."

According to French, British and German officials, the first casualty in their doomsday scenario would be the effort to contain the war within the former Yugoslavia. As soon as UN troops withdrew, the officials say, the last restraints would come off the widely flouted arms embargo and there would be a fresh flood of weapons to all Bosnian belligerents.

On the ground, the Serbs would be tempted to launch all-out offensives to capture Sarajevo airport and the eastern Muslim enclaves before new supplies of heavy weaponry could tip the balance in favor of the larger Bosnian government army.

The United States would thus be compelled to rush to the aid of Bosnian government forces with massive air strikes against Serbian positions.

At that point, allied officials say, the war could take a dangerous turn by forcing Moscow to respond to America's support for the Muslims. The domestic political pressure on President Boris Yeltsin to increase military help for the Serbs, Russians' Slavic kin, would be overwhelming.

"If the United States lifts the arms embargo to help the Muslims and threatens air strikes against the Serbs after the UN troops are pulled out, the West will have a major crisis with Russia on its hands," a senior French official said.

TELEKOM: Chairman's Resignation Surprises Bonn

Continued from Page 1

workers," said the Telekom spokesman, Stephan Althoff.

The Frankfurter Rundschau, in an editorial to be published Saturday, said Mr. Rieke's resignation after four years on the job unsettled both Telekom employees and international investors at a time of internal turmoil.

Bonn sources said Mr. Rieke's resignation reflected his disappointment with the government's decision this week to place several government officials on the board of the company, which assumes the legal status of a joint stock company on Jan. 1 in the first step toward eventual privatization.

"The post minister is responsible for the disaster," said the

Rundschau. "He set Telekom ever shorter deadlines to prepare for full competition but made free decisionmaking impossible with political interference like the occupation of the supervisory board."

Wilhelm Prallmann, a member of the management board, will act as Telekom's managing director until the supervisory board that Mr. Rieke criticized names a successor.

The coming year is expected to be difficult for the company, which says it will lay off 30,000 workers.

While Telekom has been making great strides toward increasing efficiency and customer service, industry observers say it has a lot of work to do and little time in which to do it.

Telekom is scheduled to lose its monopoly on local voice services in 1998.

Indeed, Dresdner Bank AG, the bank entrusted with the placement of Telekom shares with the public, does all its long-distance business with Sprint, while Commerzbank AG, another big German bank, uses an AT&T partner named WorldCom and Deutsche Bank AG, the biggest German bank, is a partner in a venture to sell corporate communication networks of its own.

Joachim Kröck, the Telekom board member in charge of finances, has meanwhile called the company's planned 15 billion Deutsche mark (\$10 billion) initial public offering next year "existentially important."



Pope John Paul greeting well-wishers on Friday in Rome.

POPE: Women's Rights Backed

Continued from Page 1

is not sufficiently appreciated, is incalculable."

The Pope's messages on such broad issues are rarely directed at people from one particular part of the world, and he went out of his way on Friday to castigate societies that promote prostitution, which he called a "despicable trade," or which discriminate against girls from their earliest years onward.

He termed discrimination between boys and girls an "intolerable custom" and said that if "girls are looked down upon or regarded as inferior, their sense of dignity will be gravely im-

paired and their healthy development inevitably compromised."

The main thrust of his message was to enjoin women to take a lead in promoting peace at a time when, the Pope said, "not just individuals but whole groups seem to have lost any sense of respect for human life."

"We are speaking of outrageous and barbaric behavior which is deeply abhorrent to the human conscience," he said, using language similar in tone to his condemnations of fighting in Bosnia, Rwanda and elsewhere.

NUCLEAR: Americans Help Ukrainians Phase Out

Continued from Page 1

ings and over dinner. After initial hesitation on both sides, he said, the program has evolved into a stark illustration of the changing relationships in the post-Cold War era.

"We are as surprised as they are at how things are moving very quickly to a new world," Mr. Connell said. "Everyone was a little bit wary at first. But we're developing a good sense of bonding."

Kiev, Washington and Moscow reached an agreement in January that allowed for the dismantling of Ukraine's 176 intercontinental ballistic missiles ahead of Kiev's formal ratification of the nonproliferation treaty. The missiles — 130 SS-19s and 46 SS-24s — carried about 1,800 nuclear warheads.

So far, the Ukrainians are ahead of schedule in shipping warheads to Russia for destruction, with 360 sent so far, Pentagon officials said.

A senior Pentagon official said the work at Yuzhnoye marked the first time Washington had contracted with a military plant in the former Soviet Union to destroy nuclear arms.

After shuffling back and forth between Yuzhnoye and Washington, American experts and Vladimir Sokol, the deputy of the Yuzhnoye Design Office, agreed on the techniques to be used in destroying the fuel. Five engineers from Morrison-Knudson Corp., an Idaho-based contractor, were assigned to work with the Ukrainians.

The two teams are now ready to start on the renovation of the building, which is littered with junk metal. The shells of the rockets, which were drained of their fuel at missile sites, will be lifted by crane into a huge chamber to be constructed inside the building. A steam process will separate the remnants of the fuels in the shells — heptyl and amyl — from the metal, allowing the resulting residue to be incinerated and the remaining water to be purified.

"It's a bit like a perfume bottle: you empty it, but the scent still lingers," Mr. Shevchenko said, describing how residual fuel clings to the shells even after they've been emptied.

The Pentagon believes the Ukrainian SS-19 rocket fuel, until recently stored in railway cars, is so toxic it should be destroyed by incineration.

The EU executive commission, which was rebuffed earlier this year when it suggested floating Eurobonds to finance the projects, said it could increase spending on the projects over the next five years to 3.1 billion currency units from 1.9 billion. The extra money, which must be approved by finance ministers at a separate meeting next week, stems from budget payments of new members and the tax windfall from growth that is accelerating toward 3 percent in 1995.

The strategy for Eastern Europe, which was endorsed after little discussion, will set the stage for the leaders' first annual gathering with their counterparts from Poland, Hungary, the Czech Republic, Slovakia, Bulgaria and Romania on Saturday.

ELDERS: One Comment Too Many by Health Chief

Continued from Page 1

she was asked about her views on masturbation.

According to the upcoming issue of U.S. News & World Report, Dr. Elders had given a routine speech on the spread of AIDS when a man asked whether she would support promoting masturbation to discourage school-age children from trying riskier forms of sexual activity.

"With regard to masturbation, I think that is something that is a part of human sexuality and a part of something that perhaps should be taught," she replied.

The magazine also reported that in an interview, Dr. Elders acknowledged that she had been "cautioned" by top administration officials about her outspokenness.

Dr. Elders caused an uproar last year when she suggested that legalizing drugs could lead to a drop in crime and should be studied. The position was quickly disavowed by Mr. Clinton.

Dr. Elders also became a target of criticism from Republicans and Christian leaders with her strong stands on abortion rights, sex education and condom distribution in schools.

She accused the religious right of selling out American youth in the name of religion. She endorsed homosexual adoptions, prompting Cardinal James Hickey of Washington to write to Mr. Clinton urging him to disavow her comments.

In June, 87 Republican members of the House of Representatives called for her dismissal, and Republicans used her as a campaign issue in the November elections.

Remarkings on Dr. Elders' knack for controversy, Mr. Clinton once said: "Now I know how Abraham Lincoln felt when he met Harriet Beecher Stowe. He said, 'This is the little lady who started the great war.'"

Dr. Elders has drawn fire from conservatives and anti-abortion groups since 1987, when then-Governor Clinton made her the first black and the first woman to be the director of the Arkansas Health Department.

Trying to combat teenage pregnancy in Arkansas, Dr. Elders employed sex education, parental responsibility courses and, in some cases, the distribution of contraceptives to schoolchildren.

Dr. Elders' son Kevin was convicted in Arkansas in July on drug dealing charges. She stirred further controversy by remarking that she was not convinced he had committed any crime.

(Reuters, AP, NYT)

A Construction Crane Kills 8 in South Korea

Seoul

Eight workers were killed and two were seriously injured Friday when a giant crane toppled at a construction site in Dangjin, in central South Korea, the police said.

The collapse is the latest in a series of tragedies that have raised questions about safety standards in South Korea and embarrassed the government of President Kim Young Sam, which has pledged to prevent more mishaps.

CHECHNYA: Force Authorized

Continued from Page 1

feared by Mr. Dudayev's troops in a key battle late last month.

After the opposition's defeat, Moscow massed troops around Chechnya, but it has not moved them into the region. Russian warplanes, however, have bombed Grozny, and Russian intelligence agents have recruited soldiers to fight the government of Mr. Dudayev.

Moscow insists that the Caucasus Mountains republic renounce its declaration of independence, a demand Chechen authorities reject.

Hundreds of Chechen men from surrounding mountain villages have converged on Grozny to join militia groups formed to defend Chechnya, *Itar-Tass* reported.

"Calls for peace and tranquility remain mere calls while people learn about the Russian troop buildup on the republic's borders and hear bombers buzz above their heads," the news agency said.

Many Grozny residents have sent their families to the countryside.

(AP, Reuters)

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China Theater Blaze Kills More Than 300

Deadliest of Wave of Fires Raises New Doubts About Safety

BEIJING — Locked emergency exits might have prevented the escape of more than 312 schoolchildren who died in a fire that swept through a theater in China's northwestern province of Xinjiang, local officials said Friday.

About 800 children aged 6 to 14, from local primary and middle schools, had come to the Friendship movie hall to stage a cultural performance for local leaders and teachers, an education official said.

The blaze broke out in the middle of the performance on Thursday, perhaps as a result of electrical problems. Many of the children were found crowded near the sole open exit, burned beyond recognition, news agencies reported.

Two hospitals reported admitting more than 225 persons who had been injured in the fire.

The disaster, the latest and most deadly in a series of fires that have recently hit China, raised new questions about the adequacy of the government's fire prevention and safety standards. Officials reported that the number of serious fires has risen this year. By September, fires had killed 1,325 people nationwide, according to official figures.

Many of the catastrophes have taken place at overcrowded theaters, dance halls and bars.

After the fire on Thursday in the 45-year-old brick and concrete theater, the State Council, China's cabinet, issued an emergency directive ordering immediate fire-prevention inspections nationwide. Businesses that fail to meet fire safety standards will be shut down, the directive said.

The rapid pace of development has worsened the problem of fire safety. As the economy steams ahead at double-digit growth rates, almost every city has taken on the appearance of a construction site. Yet the pace of construction appears to be outstripping the ability of government to monitor and regulate fire precautions.

Architects who have worked in China say that many areas suffer from lax fire codes and fire safety procedures. In places, there are no fire safety standards in the building codes for new structures. If there are standards, they are rarely enforced.

In older buildings, electrical wiring is often overloaded by new appliances. And in some residences, people still make fires inside using coal to cook and keep warm. Even in new buildings, the risk of fire is heightened by the high proportion of Chinese citizens who smoke cigarettes.

Many of China's worst fire disasters appear to have been preventable.

On Nov. 15, a fire in a nightclub in northeastern Jilin Province killed two people and damaged an adjacent provincial museum. Officials accused the owners of the nightclub of lax safety precautions. The museum had no fire extinguishing system in place.

On Nov. 27, a burning newspaper tossed onto a sofa at a birthday party transformed a dance hall in northeastern Liaoning Province into an inferno in which 233 young revelers were killed and 16 were injured. The recently renovated building had only a single narrow exit, and most of the victims died of smoke inhalation.

Three days later, 11 people were killed and 38 were injured in a hotel fire in coastal Shandong Province. It took nearly 100 fire fighters an hour to bring the blaze under control.

Many of the worst fires have been in factories or in factory dormitories housing workers. Four such fires took place in late 1993, prompting government calls for improvements in industrial safety.

On Nov. 19, 1993, a fire caused by an electrical short-circuit in the Sino-Hong Kong joint venture toy factory in southern Shenzhen killed 84 workers, including 79 who suffocated because of poisonous gases. In that case, like the fire Thursday night, emergency exits were locked.

—STEVEN MUFSON



PEACE MARCH — Street actors joined a rally in Colombo on Friday called to press Sri Lanka and the Tamil rebels to find a peaceful solution to their war. The march was organized by 40 nongovernment organizations.

Stamp Diplomacy Pleases Japanese

'Sincere Respect' for U.S. Reversal

By T.R. Reid
Washington Post Service

TOKYO — The postage stamp imbroglio that had threatened to reignite lingering World War II resentment on both shores of the Pacific has turned out instead to be a big plus for U.S.-Japanese relations, relieved Japanese officials said Friday.

The U.S. decision to cancel a planned stamp that depicted the atomic bomb's mushroom cloud rising over a Japanese city has brought widespread praise and gratitude from Japanese leaders.

Just a week ago, when the stamp was announced, they denounced the United States.

"We are grateful for this decision," Prime Minister Tomichi Maruyama said of the cancellation. The Japanese, he said, "sincerely respect" the United States for giving "real consideration to the feelings of the people of Japan."

Officials in Hiroshima and Nagasaki, the two cities hit with atomic bombs in August 1945, also expressed gratitude to President Bill Clinton and the United States for responding to Japanese complaints that a mushroom cloud stamp would be insensitive and "heartless."

Hiroshi Harada, director of Hiroshima's atom bomb museum, said the conciliatory step might well make Hiroshima more inclined to cooperate with the Smithsonian Institution and other U.S. organizations planning to commemorate the 50th anniversary of the end of the war.

When the stamp was first announced, Mr. Harada had indicated that Hiroshima might not cooperate with the Smithsonian on its planned Washington exhibit.

Banner headlines in most Japanese newspapers Friday reported the U.S. turnaround.

Some reports compared the decision to the speech former President George Bush gave on the 50th anniversary of the Pearl Harbor raid, in December 1991. "I have no animosity toward Japan," he said, a statement that was praised here as the height of statesmanship.

The mushroom cloud stamp was designed to be one of a set of 10 World War II commemoratives to be issued next year. Japanese responded bitterly to the idea that the victims' suffering would be recalled on a stamp.

"Beneath that mushroom cloud," Nagasaki's mayor, Hiroyoshi Motoshima, said last week, "hundreds of thousands of noncombatant women and children were killed or injured."

It would be "heartless," he added, to issue a stamp featuring this "indiscriminate massacre."

The protests from Japan fell on receptive ears in America. State Department officials, White House officials, Mr. Bush, and the Veterans of Foreign Wars said they could understand why Japan felt the atomic bomb was not an appropriate image for a stamp.

Accordingly, Postmaster General Marvin Runyon announced that the stamp would not be printed.

Instead, the commemorative set will include a portrait of President Harry S. Truman announcing the end of the war.

China Solidifies Ties With Former, and Still-Nervous, Foes

By Steven Mufson
Washington Post Service

BEIJING — Despite widespread fears that a fast-changing China will try to flex its muscles in Asia, China is strengthening political, military and economic ties with former enemies on its borders.

In the last 45 years, China has fought wars against Russia, India, Vietnam and South Korea. It has exchanged mortar attacks with Taiwan and was suspected of aiding an Indonesian communist insurgency.

As China's economy and national pride grow, its neighbors have become increasingly nervous that a stronger China will try to dominate the region.

"In the U.S. judgment, China's military development does not pose a threat, but that's not the view of China's neighbors," said a U.S. Defense Department official, who added that many Asian countries had appealed to the United States to maintain a security umbrella over parts of the region.

Those fearful of the future have cited several ominous signs: Chinese military exercises on the coast near Taiwan; the continuation of nuclear weapons tests every six months; Chinese stubbornness over negotiations on Hong Kong, and gunboat diplomacy earlier this year in a dispute with Vietnam over the Spratly Islands.

In the last four months, however, China has signed peace-cooperation accords with all its former adversaries in an effort to ease Asian anxieties. President Jiang Zemin has traveled to Moscow, Jakarta and Hanoi. Prime Minister Li Peng went to South Korea, and Defense Minister Chi Haotian visited India, a former foe.

China says the flurry of diplomacy is consistent with the foreign policy pursued since Deng Xiaoping took power here in 1978. Mr. Deng has sought to soothe relations with China's neighbors as well as with the United States so China is not distracted from the task of economic development.

"Ever since China initiated the policy of reform and opening up, when China made as its central task economic development, China has stood for sound relations with its neighbors to create a peaceful environment," a Foreign Ministry spokesman said.

Indeed, although China's military budget has increased substantially in recent years, it has dropped as a percentage of state expenditures as other areas get top priority.

Many analysts hesitate to credit China with too many good intentions for the recent diplomatic flurry.

Beijing sought better relations with neighbors so as not to be distracted from economic development.

"One of the things that ties it all together is the desire of leaders, particularly of Jiang Zemin, to build up his image through the glad-handing and the television coverage," said Richard Margolis, former political adviser to the Hong Kong governor and a political analyst for an investment banking house. Mr. Jiang has also visited Kazakhstan, France, Singapore and Malaysia in the past four months.

"When political credibility is hard to come by," Mr. Margolis said, "being able to be presented as a great statesman shaking hands and having contacts with leaders of the rest of the world is seen by Jiang as a useful means of building himself up."

Others note that China might be acting in its own interests in an effort to head off a regional arms race. That is a race China might have trouble keeping up with — especially if it included Japan.

"The message has gotten back to China about concerns about their militarization and their long-term capabilities," said Michel Oksenberg, president of the East-West Center in Hawaii. "They're trying to alleviate those concerns. They don't want to stimulate an arms race."

The symbolism of some recent diplomatic moves is striking.

In September, Mr. Jiang traveled to Moscow for the second time in 17 months. He and President Boris N. Yeltsin of Russia signed an economic cooperation pact and agreed to stop targeting their nuclear weapons at one another.

They also initiated an accord settling a dispute over a 34-mile (55-kilometer) section of the Chinese-Russian border, a small strip, but the accord was symbolic of improvements in relations since the 1969 border skirmishes that resulted in several hundred deaths.

Previous visits by Chinese party chiefs to Moscow have not always gone so well. Mao Zedong visited the Soviet Union in December 1949, and for several days Stalin did not even acknowledge his presence.

By contrast, Mr. Jiang received red-carpet treatment, meeting Prime Minister Viktor S. Chernomyrdin, Mr. Yeltsin and the chairman of the Duma, the lower house of Parliament.

Days later, Mr. Chi became the first defense minister in four decades to visit India. In 1962, China fought a border war with India. Relations remained tense for years, and China has been a major weapons supplier to India's regional rival and sometime enemy, Pakistan. But last year, the world's two most populous nations took steps to reduce military tensions along their border.

Nice Neighbors, 'Most Wanted' Fugitives: Hard to Reconcile

By John Kifner
New York Times Service

PITTSBURGH — The man who called himself Greg Peters and the woman known as Jo Elliott went to some of their friends and neighbors a week ago, people they knew from cookouts, favors done and repaid, Halloween trick-or-treating with their children, and said there was something they just had to tell them.

They were on the FBI's "10 Most Wanted List."

In reality, they were Claude Marks, 45, and Donna Jean Willmott, 44, who lived near each other in the Squirrel Hill neighborhood.

They had been in hiding for nine years from federal charges that they had been part of a plot to blow up the maximum-security prison in Leavenworth, Kansas, land a helicopter in the confusion and spring a leader of a Puerto Rican nationalist group known as the FALN, a Spanish acronym for the Armed Forces of National Liberation.

"Terrorist," the wanted posters say in big letters. "Do not approach — armed and dangerous."

Neighbors on two quiet, middle-class streets of Squirrel Hill have been stunned by the news that the people they knew as dozing parents, helpful friends and community volunteers had turned themselves in on Tuesday to the federal authorities in Chicago after nearly a year of negotiations, hoping to win reduced sentences.

Some neighbors have been writing letters in their support. "We were stunned, totally," said Janine Stern, when Mr. Marks told her and her husband, "It was very difficult to digest."

"We wondered what could be so serious. Then he just started telling us, 'I've been on the run, living under an assumed name,'" said Mrs. Stern, an artist who lived across the street from the modest house where Mr. Marks lived with his wife, Diana Block, known here as Pat Hoffman, and their two children.

The two fugitives and their families had moved earlier to Chicago.

"We were weighed down by the news," Mrs. Stern said. "It was almost a dream, something you would read or see in a movie. When I looked at him, he was still the Greg that I knew, not this Claude Marks."

Fred Orlansky and Liz Evans were stunned, too. They live a few doors up from the apartment Donna Willmott rented with her husband, Robert McBride, known here as Tim Anderson, and their daughter, who just turned 4.

"They were very nice neighbors, caring and compassionate," said Mr. Orlansky. "If you picked anyone on the street you would think was a former terrorist, they'd be right at the bottom of the list."

Liz Evans remembered how the woman she knew as Jo Elliott fixed her chicken noodle soup when she was sick the night Mr. Orlansky's father died. "She stayed the whole time, she fed me, held my hand, she was there."

On Thursday morning, an FBI agent was knocking on doors along Keenebec Street, asking neighbors said, whether Mrs. Willmott, who had worked as a doctor's assistant, enjoyed "a lavish lifestyle."

But the neighbors remembered a petite, red-haired woman who answered phones at the AIDS information hot line and organized holiday parties, picnics and outings for families of AIDS-infected and HIV-positive children.

"Jo Elliott — I'll continue to call her that — did a lot of good here," said Mike Neal, head of the Pittsburgh AIDS Task Force. "Donna Willmott I don't know."

The government says the two former fugitives were members of the Weather Underground, the violence-prone splinter of the radical Students for a Democratic Society at the end of the 1960s.

They are charged with buying and transporting explosives in 1985 as part of a plot to help a convicted Puerto Rican terrorist, Oscar Lopez, break out of jail.

The two are now in federal custody in Chicago. Several people here have begun writing letters seeking clemency to a federal district judge, William Hart, who is to hold a hearing on the case on Tuesday.

BOOKS

QUEST FOR THE PRESIDENCY 1992

By Peter Goldman, Thomas M. DeFrank, Mark Miller, Andrew Murr and Tom Mathews. 742 pages. \$29.95. Texas A&M University Press.

Reviewed by Godfrey Hodgson

BY A consummate historical biographer, this account of the 1992 presidential campaign, published immediately after the 1994 midterm elections, records that in June 1992 Governor Mario Cuomo of New York privately urged candidate Bill Clinton to work closely with the Democrats in Congress.

"If you don't do this," Cuomo told Clinton in a phone conversation, "you'll lose." Clinton's "handlers," the authors record, didn't like the idea of a Democratic presidential candidate working closely with congressional Democrats. "It potentially puts us in bed with the bad guys," wrote Clinton's shrewd pollster, Stan Greenberg.

In another memo for Clinton, Greenberg spelled out how Clinton's campaign must begin with the assertion that government has failed people. "That starting point," he argued, would enable the campaign to establish Clinton as an outsider.

Less than 18 months later, Cuomo has been defeated. The voters have administered a stinging horsewhipping to Clinton, apparently identifying him as an insider in just that corrupted government that had failed to "put the people first." And the man who was persuaded by his advisers not to get into bed with those "bad guys," the Democratic leaders in Congress, now finds himself dependent on the tender mercies of such "worse guys" as Senator Bob Dole and Representative Newt Gingrich. Those who live by the sword, die by the sword.

Of course it must all seem monstrously unfair to Clinton and his advisers. The outrage Greenberg perfectly accurately observed among the voters against government's failures in 1992, and in particular its failure to help less well-off Americans, has fallen on the shoulders of a president who was trying to change direction. If the president failed to deliver on his legislative program, that was more the fault of the Republicans who blocked everything he was trying to do.

If there are any Clinton Democrats who are tempted to console themselves by some such arguments as those, however, they should pause and think again. For as this thorough and thoughtful account of the 1992 campaign by a team of experienced political reporters from Newsweek magazine reminds us, some of the failures of American government are direct consequences of what has happened to American politics.

Clinton in the White House has been punished for the way he posed as an outsider in the campaign by being treated as an insider on Capitol Hill, so that he could not achieve his goals. For all his efforts not to appear "political," Clinton's effort to identify himself with popular anger with "Washington" was demagogic, and his punishment fits the crime: Now he is at the mercy of new waves of pseudo-outsiders playing the same cynical anti-government card.

Something is rotten in the political Denmark, to judge by this excellent account of the 1992 campaign. Goldman and his colleagues have done the state some service by illuminating the cynical manipulation that now passes for political discourse in American presidential campaigns. Who, having watched Campaign 1994, imagines that Campaign 1996 will see a return of the ancient virtues?

Godfrey Hodgson, director of the Reuter Foundation Program for Journalists at Oxford University, wrote this for The Washington Post.

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Herald Tribune

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More Trouble in Italy

The abrupt resignation of a Milan magistrate who has spearheaded the investigation into corrupt ties between business and politics will deepen Italy's political crisis. The magistrate, Antonio Di Pietro, had been pressured by leading politicians and businessmen, most notably Prime Minister Silvio Berlusconi, to limit his inquiries.

Other magistrates quickly asserted that the investigation would proceed. Unless it does, Italians' already low faith in their political institutions is sure to take another tumble.

Last month, Mr. Di Pietro began an investigation into Mr. Berlusconi's own involvement in payoffs by his media conglomerate, Fininvest. On Tuesday, the magistrate asked a court to impose a 10-month jail sentence on Umberto Bossi, head of the Northern League, which is part of Mr. Berlusconi's coalition government along with the National Alliance, a party of latter-day fascists.

The right-wing coalition rode to power earlier this year on a wave of voter revulsion against the corrupt old guard of Cold War Italian politics. Now, however, Mr. Berlusconi finds himself under investigation for bribes allegedly paid to government tax agents by companies he

owns in return for favorable audits, a charge he denies. Allegations against the Berlusconi conglomerate include bribes to secure television ads for its three commercial channels, kickbacks in exchange for broadcast frequencies, and payoffs for construction contracts. Mr. Bossi is accused of accepting an undeclared campaign contribution of \$125,000 from the Ferruzzi company. He denies this.

Magistrates have used intensive interrogations and pretrial detention, permitted under Italian law, to uncover extensive wrongdoing, known to Italians as Tangentopoli, or "Bribeville." Mr. Berlusconi had earlier tried, without success, to end such prosecutorial practices.

Politicians and businessmen caught up in the widening scandal have also accused the magistrates of waging a political vendetta. They have pleaded for sympathy, citing the suicides of 20 suspects. Businessmen have also tried to shift blame for the bribes by accusing politicians of extortion. But wherever the fault lies in individual cases, Italy's growing middle class is fed up with the old way of doing business and sides with the magistrates. If the political class swears its hopes for reform, Italian democracy will end up the loser.

—THE NEW YORK TIMES

Tilting the Tax Burden

Republicans in the U.S. House of Representatives have won praise for the proposed structural reforms of the committee and caucus systems. But the proposal to require a three-fifths vote to raise income tax rates is a bad idea, both from the standpoint of parliamentary procedure and budget policy.

The Senate has institutionalized supermajority voting in its filibuster rule, and that alone should persuade Newt Gingrich and the other Republican leaders not to empower a minority in their chamber to block the will of the majority. Indeed, the House minority could thwart the Senate, too, because the three-fifths rule would apply to tax bills negotiated in House-Senate conference committees. The proposed rule would deliver an unprincipled blow to majority rule.

Also, the rule means that future budget cuts would come largely out of the pockets of low-income families. To see why, look at the Republican "Contract With America." It pledges to fill up a \$700 billion deficit hole before 2002. To do that, the Republicans would virtually rule out raising taxes and put the whole burden on spending cuts.

Spending cuts — on nutrition, health care, education, housing and welfare — will often fall heavily on low-income families. But a freeze on taxes will lock in the largest that Congress dispenses to well-off families, like tax subsidies on

mortgage interest for vacation homes and capital gains on stocks and bonds that investors bequeath at death. By tilting Congress away from tax hikes, the proposed rule would insulate wealthier citizens from paying their fair share of deficit reduction.

The rule could prove drastic. Would a three-fifths majority be needed to tax capital gains at death, for example? It could be argued that such a proposal would merely widen the base of the income tax — in other words, close a loophole. But Republicans could argue that the change represents a rate increase on previously exempt income. Apparently, the crucial issue of what constitutes a rate hike would be settled on a case-by-case basis by the House parliamentarian — appointed by the Republican leadership.

A bipartisan commission, led by Senator Bob Kerrey of Nebraska and John Danforth of Missouri, will vote next week on ways to cut federal entitlements. The options include taxing high-priced health insurance policies provided by employers, limiting itemized deductions, and modifying the home mortgage interest deduction. The proposed House rule could shield these options from review.

Besides threatening majority rule, the proposed rule builds a moat around the very families who can best afford to help put the government's books in order.

—THE NEW YORK TIMES

Witches in the Schools

Hidden Valley Elementary School in Alachua County, Florida, makes a big deal of Halloween. Each year the school is decorated for the celebration, special stories are read and, in the spirit of all this fun, the teachers dress up in costumes. But apparently there are Grinch-like forces more than one holiday.

In this case the spoiler was a parent, Robert Guyer, who not only kept his own children out of school for the day but sued county officials demanding that the annual party be permanently enjoined. It constituted, he said, an establishment of religion. On Monday, the U.S. Supreme Court refused to review the judgment of Florida trial and appellate courts in favor of the school board.

What religion, one might ask, is being fostered by these costumes and decorations? "Wicca," said Mr. Guyer, a variety of witchcraft, which he claims, has an increasing number of followers and presumably is a threat to American children. He raised no objection to the portrayal of pumpkins or even ghosts. But he sounded a warning against witches, cauldrons and brooms, which are allegedly particularly significant to followers of "Wicca."

Those teachers who dressed as clowns, and even the one who came as Ronald Reagan, were unobjectionable. But the ladies in the long black robes and pointy hats, he claimed, were unconstitutional. So was a sign in the school cafeteria depicting a wand-waving witch asking "What's cooking?"

Lighten up, Mr. Guyer. This litigation is a case study illustrating the time-wasting burdens on the U.S. court system and the determination of some adults to micromanage the schools because of their own narrow fears. Shakespeare is being censored in some parts of the United States because parents think Romeo and Juliet set a bad example for adolescents.

Surely Halloween, the celebration that stretches children's imaginations, allows them to extort a mountain of candy and junk food and even encourages them to frighten adults, should be allowed one day of the year. Let the kids enjoy it free from fear of "Wicca," plaintiff's lawyers and other goblins.

—THE WASHINGTON POST

Other Comment

The Case for a Larger NATO

Reasonable questions are being raised about NATO's continued relevance and future. They deserve careful responses. NATO's 16 members, led by the United States, insist that they intend to maintain the organization. What they seem to have trouble agreeing on is why.

The Czech Republic, Poland and Hungary all are eager to join NATO. All want the collective security NATO offers.

But what can't be overlooked is the unease among Russia's leadership that NATO's potential eastward expansion produces. If the Cold War is over and

Russia is no longer the enemy, Russia's top leaders ask, why enlarge NATO? The unspoken answer is that Russia's experiment with democracy may give way at almost any time to a revived authoritarianism with imperial ambitions. President Boris Yeltsin accuses NATO, with America in the lead, of seeking to redress Europe.

A compelling case for enlargement as something that serves the security interests of Europe — and of the United States — has not yet been made. Without it, it is likely that the doubts about NATO's purposes and its future will only grow.

—Los Angeles Times

Between Strategy and Therapy: The Russia Dilemma

By Stephen S. Rosenfeld

WASHINGTON — It is tempting to take Boris

Yeltsin's passionate objections to the expansion of NATO as a temper tantrum he is throwing to cool down Russian nationalists. Not so long ago, after all, he indicated that his government would sit still if Poland came aboard. But this is almost certainly too glib and sanguine a view of a development that, if not handled properly, has the potential not to bring back the Cold War but to sour the possibilities for American-Russian ties.

These days Russians look at NATO's approach to enlargement and see perhaps not just an Enlargement Express Train but the implicit downgrading of the NATO Partnership for Peace program of which they are a part; the new Washington clout of Republican hard-liners; and President Bill Clinton's \$25 billion defense add-on. All this comes as they reel under a cruel domestic passage. Many believe that the United States is exploiting their distress for

its own strategic advantage. We Americans deny selfish or menacing intent. And we are right to. Bringing competent Central Europeans into NATO needs no apology. We do not mean Russia ill. But we do mean to comfort new democracies much discomfited — and for good reason — by being up close to a country, Russia, with an old record and conceivably a continuing taste for empire.

Here is the dilemma. Prudence demands that we give due deference to Russia's understandable aversion to seeing NATO's frontiers "approach the border" of Russia, as Mr. Yeltsin puts it. But sympathy and good faith drive us to offer the expanding club of democracies a NATO embrace, notwithstanding the sadder questions that Bosnia and much else raise about NATO guarantees.

One answer is to distinguish between Central Europe, composed of westward-looking na-

tions the Kremlin conquered and communized after World War II, and the 14 former non-Russian Soviet republics, which now constitute the new Russia's "near abroad." For Central Europe, recognition of their separateness and eligibility for NATO. For the near abroad, acceptance of Russia's traditional claim for a special position.

It's a neat distinction. At this late 20th-century moment, however, to make such a distinction — anyway, a public distinction — between a fully sovereign state competent to make its own decisions and a half-sovereign state living in a larger neighbor's shadow is strategically risky and politically unsustainable. If we offered Moscow such a grand compromise — we get NATO enlargement, they get a sphere of influence — President Clinton would be burned in effigy, and Ukraine would go nuclear.

Aware of the dangers of drawing a new line in Europe, the

American government looks instead to tailor special arrangements in the near abroad: an international peacekeeping presence in Armenia/Azerbaijan, unique security assurances for Ukraine (though not the NATO guarantee to which Ukraine aspires). These arrangements are meant to take into account Russia's legitimate concern along its border and the border states' concern for their own integrity.

In the American government, it is taken as a creditable ambition, not as a disavowal, that the United States wants to have its cake and eat it too. That is, it wants to enlarge NATO to fill a Central European security limbo and at the same time to keep alive a vision of an integrated Europe in which Russia will find its place. It is not an easy stretch.

As always in dealing with Moscow, the West is torn between roles as strategist and therapist. Strategy is simpler. Surely the West could, by being smart and careful over time, deal with Russia's perfectly reasonable insis-

tence that no NATO move diminish Russian security.

Therapy is the hard job. How to deal with the apparently widespread Russian perception that alliance enlargement is an anticipatory vote of no confidence in the prospects of Russian democracy? What to us is a strategic judgment is to them a moral verdict. For centuries, Russians, fearing they would not measure up, held themselves apart from the West. Now many want to be near the West but still fear they won't be accepted as measuring up. In this context arises the possibility of Russia closing up and going mean.

From Cold War, Mr. Yeltsin suggests, things could move to "cold peace." It could happen. The "nationalists" in Russia are almost everybody. They represent not a particular school of thought but a common search for a post-Soviet identity. They need to be talked to straight, not given lectures or, at least of all, sermons.

The Washington Post

The Ghost in the White House Is Fast Running Out of Time

By Anthony Lewis

BOSTON — In the month since the election we have been waiting to see whether Bill Clinton could recover from the defeat and emerge a stronger person and president. As of now, the answer looks to be no.

Weakness and vacuity are what we see in the Clinton administration. It moves from day to day, empty of vision, a government without a design. Mr. Clinton himself seems more and more like Herman Melville's Bartleby the Scrivener, a dwindling, hampering presence in the White House.

There was a telling example of the way things are in the administration's change of policy last week on Bosnia. It gave up the effort to have NATO press the Serbian aggressors by serious attacks, giving way to British and French objections.

The New York Times published a detailed report on how the decision came about: It was proposed in a memorandum by the president's national security adviser, Anthony Lake, and "formally embraced at a meeting of the president's top advisers that neither Clinton nor Vice President Al Gore attended."

Mr. Clinton had approved the Lake memo, the report said, but he "was at his Camp David retreat and had been involved only sporadically in the Bosnian issue." So he hardly participated in the discussion of a decision that has fateful implications for resistance to aggression

and genocide in Europe and for the future of the Western alliance.

And then Secretary of State Warren Christopher, at a NATO meeting in Brussels, proclaimed that the alliance was in "wonderful shape." "NATO is going to make itself relevant to the future," he said. It had stronger structures to "help deal with crises like Bosnia at an earlier stage." Sure.

The truth is that the Clinton administration has no meaningful policy now on Bosnia, or on the other religious-ethnic-nationalist conflicts that menace Europe. And its policy on Russia, once its proudest boast, has been undone by President Yeltsin's increasingly nationalist stance.

All this is not just a bad patch for Bill Clinton in foreign policy. It is a frightening absence of American strategy and American will: the two factors that kept the peace in Europe for nearly 50 years.

On the domestic side there is a similar sense of emptiness. Does anyone count on Mr. Clinton to lead the fight against mean-spirited actions by Republican leaders in Congress? Can anyone detect in him commitment to a set of political values? There are values to defend at this time: values just as traditionally American as the ones the Republicans talk about. A commitment to civil liberties, for one. A concern for the underdog, for the stranger at the gates.

Immigration is a crucial example. A growing nativism is using legal and illegal



immigrants as scapegoats for economic troubles. Many Republicans in Congress are talking about a federal version of California's Proposition 187.

Last week The Washington Post carried a powerful article decrying the anti-immigrant movement. Was it by a Clinton administration official or some other leading Democrat? No, it was by William J. Bennett, the conservative Republican.

Since the election Mr. Clinton has made no effort to counter the radical Republican line that government is evil — no effort to remind Americans how much they need government. To the contrary, he has mimicked Republican ideas on budget-cutting and spending more on defense.

To write critically about the president is

not easy for me. He has done many good things, from Haiti to GATT, and has not had the credit he deserves. He has been savaged by a brutal opposition and by a press that even Newt Gingrich says has been "very tough on the president and on Mrs. Clinton."

But Bill Clinton faces a fundamental test now, and he is not meeting it. After the election, commentators said he might rally to smite the enemy like Harry Truman; bow unlikely that prospect seems today. If he is going to be president, he has to pull himself together and make some major changes in his administration. I think he has no more than a month or two to convince us that he can govern.

The New York Times

Gingrich Has No Business on This Bosnia War Path

By Charles Krauthammer

WASHINGTON — Now

Newt Gingrich has lost his head over Bosnia too. Not content to let Bob Dole lead the charge of the light brigade into Balkan oblivion, Mr. Gingrich has turned hawk. He once took the hands-off view that Bosnia is a European problem. Now he not only sees it as an American problem but he has a three-point program to solve it.

Step 1: Get the UN protection forces out of Bosnia. A nice idea that will then allow us to wage war with great gusto, relieved of the worry of hitting UN soldier-hostages. But a few questions intrude. Who leads the starving and besieged in Srebrenica, Gorazde and the other Muslim enclaves after the British and French and other UN soldiers leave? Who keeps these enclaves from being overrun and their populations massacred? Who keeps Sarajevo alive when

the UN leaves and water, power and food are cut off?

Answer: (a) No one, or (b) American ground troops. Take your pick.

Step 2: Arm the Muslims. Another nice idea, three years too late. Who is going to stop the Russians from flooding the Serbs with weapons once the arms embargo is broken? For that matter, who is going to stop the Russians, the French and anybody else from arming Iraq and Libya and other outlaw states once we have shown that Great Powers can pick and choose embargoes?

And, most important, what happens to the Muslims in the months it will take to arm and train them? The Serbs are certainly not going to sit idly by. They will launch a pre-emptive offensive that will cost thousands more lives and per-

haps extinguish Bosnia for good. Who will prevent that?

Which brings us to Step 3: Americans will. Massive U.S. air strikes — why, just the threat — will stop the Serbs cold. This faith in air power is touching considering that 40 days of intensive bombing could not get Iraq out of Kuwait; it took a ground invasion to do that. Yet Mr. Gingrich figures three to five days in Bosnia ought to do the trick.

And bomb what? Serbia? Belgrade certainly helped start this war but for months it has cut off the Bosnian Serbs and urged them to accept the Western peace plan. What is the logic of bombing the one Serbian party that is pushing for a peaceful settlement?

Who then to bomb? Why, the Bosnian Serbs. Mr. Gingrich would "paralyze [their] capacity

to function as a society." Problem is, they are not a functioning society in the first place. They are a scattered, agrarian population whose economy has ground to near zero. What do we do? Turn out the lights in downtown Pale?

The Gingrich bombing plan is classic post-Vietnam strategy: intervention on the cheap. No ground troops, no risk, short time span, large effects. This is childish fantasy. Once the war is Americanized, the risks are exclusively America's. Once Washington orders out the United Nations, it assumes responsibility for the Bosnian civilians. Once the United States arms the Muslims, it assumes responsibility for the conduct of the war. And once U.S. planes begin air strikes, America becomes a combatant.

At which point we Americans are back to where we were in Vietnam, 1964, committing ourselves to one side in an unwinnable situation. The only alternative then is the agony of a ground war or the humiliation of an abrupt exit.

Moreover, the Gingrich war path is not just bad foreign policy. It is bad domestic policy. It is never a good idea for Congress to run American foreign policy. It was not a good idea when the Democratic Congress tried to shred Ronald Reagan's in the 1980s. It is not a good idea for the Republican Congress to stage-manage Mr. Clinton's today.

Finally, apart from all else, this is bad politics. This whole venture into foreign policy is a huge,

Clarification

It has been brought to our attention that a passage in Dr. Christopher Lingle's opinion piece "The Smoke Over Paris of Asia Obscures Some Profound Concerns" in the October 7, 1994 issue of the International Herald Tribune could be by reason of facts later drawn to our attention be understood as suggesting that Mr. Lee Kuan Yew had sought to suppress political activity in Singapore by bankrupting opposition politicians through court actions in which Mr. Lee relied on a compliant judiciary to find in his favor without regard to the merits of his case.

This was not our intent and we do not associate ourselves with any such view which we accept would be unfounded. We apologize unreservedly to Senior Minister Lee Kuan Yew and to the Singapore judiciary.

needless distraction for the Republicans. They were not elected on Nov. 8 to save Bosnia, which is beyond saving. They were elected to fix America, which is, as yet, not beyond fixing. Their mandate to govern was won on a domestic agenda. There is a window now open for the Republicans to enact it. To squander that opportunity on foreign adventures, and on an adventure that promises nothing but grief, is simply crazy.

Washington Post Writers Group

Liberalism Is Alive and Much in Need

By Theodore C. Sorensen

NEW YORK — Reports of

the death of American liberalism are greatly exaggerated. True, on Nov. 8 the electorate and new majority party moved sharply to the right. True, politicians in both parties shrink from any use of the L-word except to denounce it, and pundits of every ideological stripe now note — or celebrate — its demise.

If liberalism is defined as its detractors would define it — as a simple-minded political philosophy that endorses reckless government spending, shameless personal conduct, toothless responses to crime and a spineless foreign policy — then that philosophy has a barely perceptible pulse in American political life.

But that has never been the true meaning of liberalism. The liberal mind is (or should be) the liberated mind — liberated from prejudice, hatred and cant, open to new ideas and solutions, neither permanently tethered to the dead hand of the past nor rigidly fettered to any faction or fortune.

The liberal's commitment is to better government, not bigger government; to enlightened change, not the status quo; to the politics of hope, not the politics of pork. Genuine liberals, in the original sense of the term, do not believe that government, big or small, centralized or local, can or should solve every problem or shoulder every task.

Liberals have always led the battle against unwarranted government interference with liberty,

free speech, a free press and other basic freedoms.

Today, liberals, unlike their detractors, lead the battle against unwarranted government intrusion into matters of privacy and prayer. But they have not abandoned the belief that government — if honest, efficient, democratic and representative — can facilitate, not obstruct, the improvement of economic, educational and human conditions.

The liberal tradition, thus properly understood, represents the very antithesis of the 1994 election campaign. In theory, both a political campaign and the liberal approach call for the presentation and debate, the winnowing and sifting, of alternative public policy proposals.

But the typical campaign waged by candidates from either major party is concerned with what is popular, while liberalism is concerned with what is right. Campaigns now deal largely in headlines and slogans, while liberalism rests on full-blown ideas. Campaigns are all about tactics and image. Liberalism dwells in the realm of the strategic and factual. Campaigns are financed by special interests. Liberalism's only guiding star should be the national interest.

This year's election campaign belabored symptoms — crime, violence, teenage pregnancy, illiteracy and economic malaise.

Liberals look for underlying causes and remedies.

Overall, the campaign focused on the great harm done by bureaucracy. Liberals still believe that great goods can be done by public servants.

Authentic liberalism — the liberalism of Jefferson and Lincoln, Wilson and the two Roosevelts, Truman and Kennedy — lives on. But let no one pretend, in the face of the election results, that it is thriving. Whatever excuses are offered about low voter turnout and a poisoned atmosphere, the fact remains that the people spoke and rejected liberal programs and projects of the past.

Now we must apply anew the principles of the liberal mind to search for new progressive, acceptable, democratic solutions to new problems, difficult problems: persistently stagnant pay scales and living standards; crumbling public infrastructure; pervasive parental concerns about the safety, health, education and future job opportunities of their children — problems that will not be solved simply by tax cuts, term limits and the electric chair.

To find those new solutions, the need for an open, searching mind, the liberal mind, is greater than ever before.

The writer, a lawyer, is the 20th Century Fund's new chairman. This essay was excerpted by The New York Times from remarks to the Fund's 75th-anniversary dinner.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Metal Butterfly

NEW YORK — The airplane invented by Secretary Langley, of the Smithsonian Institute, was tested yesterday [Dec. 8] in Virginia. It rose against the wind and sailed for some distance. The apparatus resembles a big butterfly. The body is of aluminum and floats on wings and is propelled by revolving screws. Aerial navigation has been accomplished, and not later than 1895 we will see an air-ship mail line between Washington and San Francisco.

1919: Help the French

PARIS — [The Herald says in an editorial:] American businessmen certainly realize that unless they, individually and collectively, help the French to tide over the present crucial period, American exports will fall off, because the French will begin to import from

other countries where the rate of exchange is less onerous, and to restrict drastically their imports from America. The remedy, in fact, lies in the hands of the peoples concerned, not in the hands of their governments.

1944: A Christmas Fine

WITH THE 8TH UNITED STATES INFANTRY DIVISION, Germany — [From our New York edition:] There is a \$65 fine awaiting any American G.I. who says "Merry Christmas" to a German civilian. Lieutenant Colonel Richard C. Croft wanted to day [Dec. 9]. Croft was approached by a delegation of young German women who asked that the strict non-fraternization rules be relaxed Christmas Day. "The same rules will apply to the Yuletide as any other day — and that's a \$65 fine for talking to enemy civilians," Croft said.



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Art for Profit? Sometimes It Pays

LONDON — On Wednesday a huge crowd jammed Sotheby's main rooms, pondering a question as old as the art market: Can an outsider make money by acquiring art on the advice of those supposed to know about the subject?

The occasion was Sotheby's Old Master Paintings sale which included a batch of 16 pictures bought as an investment by the British Rail Pen-



A detail from Hobbema's wooded landscape with cottages that sold for £3.74 million.

to the high estimate. A very pretty Italianate landscape by Gaspard Dughet, Poussin's brother-in-law, fell unsold at £13,000.

Even more surprisingly, a ravishing landscape by Karel du Jardin was also unsold as the hammer fell at £90,000. Afterwards, Sotheby's negotiated a private sale for the equivalent of a hammer price at £100,000. The £150,000 to £200,000 estimate suggests that the price paid to secure its purchase from a "private collection, the Netherlands" was very high, perhaps too high.

A FINAL judgment on the profitability of the investment must await the last of the planned sales. A few more paintings of the Hobbema caliber would be enough to turn the operation into a brilliant success.

But from the individual buyer's angle another message is clear. A couple of paintings like the Karel du Jardin would be enough to turn a modest investment into a debacle. Buying art for profit over the long term is closer to gambling than to making a calculated investment. In any case, it requires a high degree of knowledge, not just of the art, but of that mysterious, unpalatable element called human desire and an ability to anticipate which way it will go.

SOURIN MELIKIAN

sion Fund between 1974 and 1979. Other groups are due to follow at later dates. The Old Master Paintings were part of a much larger investment scheme that ranged from rare books to Chinese porcelain. How did this week's consignment fare?

Judging from works that were bought at auction or, in some cases, from dealers shortly after they had been seen at auction, there were huge variations.

Ironically, the two works over which bidding was fiercest came to the Fund from dealers. The one that outshines all the others when measured on the scale of museum-level rarity is a wooded landscape with cottages painted around 1665 by Meindert Hobbema. Sotheby's put on it a £2 million (\$3 million) to £3 million estimate. The picture went up to £3.4 million. With the added premium, it cost its buyer, the Mauritshuis in The Hague, £3,741,500.

The price is high but not crazy. It illustrates one of the fundamental changes in our perception of art prices that has taken place within the last three decades. When the landscape appeared at Christie's on July 6, 1966, it caused real excitement and was bought by Edward Speelman, a leading London dealer, for the large amount of £125,000. Speelman kept it for some time. Five years later, the Hobbema turned up at Sotheby's where it made only £120,000 on June 24, 1970. It then passed through the hands of two owners, including the dealer William Darby, from whom it was acquired by the Fund. The undisclosed sum is unlikely to have exceeded £150,000 or thereabouts.

Clearly, the Fund did brilliantly with the Hobbema. This is fundamentally due to the overall reduction in the numbers of Old Masters floating on the market and to the new sense of urgency that this has instilled in those who are in charge of public collections.

The Hobbema seen this week is based on a composition frequently used by the artist. However, it displays some unusual features such as the children about to run their miniature boat on a pond, and it is remarkably well preserved. That, and its large size, place it apart.

This was more than Frits Duparc, a historian of Dutch landscape painting and director of the Mauritshuis, could withstand. His museum had no major Hobbema, nor did any collection in the Netherlands, he said in a telephone interview. Duparc spent two months "talking to the government, talking to private people" to help out his institution whose

yearly acquisitions budget amounts to £55,000. To the last credit of the Dutch, he succeeded.

The rarity factor had a comparable effect on another landscape acquired by the Fund from the art trade around the same time as the Hobbema. Sotheby's mentions the name of Adolph Stein, the highly perceptive connoisseur now retired in Switzerland. After him, the Brazilian view, done by Frans Post in the late 1640s, actually passed through the hands of a famous London dealer before reaching the Fund. Those in the know reckon he sold it for under £200,000. On Wednesday, the painting climbed to an unexpected £1,211,500, paid by Baron Hans Heinrich Thyssen-Bornemisza, according to market sources.

THE rarity factor has other consequences. One is that important paintings by second division masters are now looked at with very different eyes. On Nov. 28, 1975, the Fund bought at Christie's a large scene painted in 1674 by Jan Verkolje.

The theme could be described as "The invitation to harmony" as is evident from the viola da gamba to which a young man, seated, points with one finger while holding the hand of a woman with his other hand. The scene thus captures a passing moment in a beautiful light. It owes quite a bit to Vermeer. As George Abrams, the great Boston collector of Dutch drawings and paintings pointed out, Verkolje painted only a few pieces of this calibre. In 1975, it was already expensive at £52,500. This time it went through the roof at £716,500. There is no question that this transaction was fabulously profitable for the Fund.

A comparable upgrading propelled a winter scene with a crowd standing on a frozen river by Barent Avercamp. The nephew of Hendrick Avercamp closely followed his uncle when dealing with such themes, even

if his handling of figures, larger and stiffer, is quite distinctive. When the picture was sold at Christie's on Dec. 8, 1972, it fetched £50,400, paid by the Brod Gallery, which sold it after a while to a collector, Peter Mullack. It was back for sale as part of his estate on April 11, 1975, toward the end of the severe 1974-1975 slump.

At that point, it was bought by the Fund for a modest £37,800. This week it shot up to £287,500, courtesy of Noortman of London. It is one of Barent Avercamp's finer works and excites an interest that would have been inconceivable a decade ago.

The same remark applies to the work of a painter from the circle of Rembrandt's elders. In 1637, Thomas de Keyser portrayed a young woman as Flora, standing in a wooded landscape, while a shepherd plays the flute. It is suggestive of Rembrandt in his early years. When it turned up at Sotheby's on April 12, 1978, no one gave it much attention. Bought by the Fund for £12,100, it was sold this week for £98,300.

Alongside upgrades, however, there were some downgrades. A large *bocchetta*, that is, a highly elaborate preliminary study, was done between 1599 and 1604 in grisaille by Cristofano Roncalli, called "Il Cavaliere della Pomarance." When seen at Sotheby's New York on Dec. 2, 1976, it fetched a comparatively high price, \$28,000, then roughly £17,500. This week it was knocked down at £40,000 (£45,500 with premium), involving a substantial loss in real terms. A religious subject drawn from the New Testament, it is severe in inspiration, conventional and gray.

Some paintings weren't sold at all. One is a remarkable scene of a Vanitas in the manner of Giorgione, now considered to be by Domenico Caprioli (1494-1528). A bearded man stands in an Arcadian landscape, holding up a skull in one hand while haranguing a young couple seated on marble sar-

auCTION sales IN FRANCE

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Monday, December 12, 1994

Room 7 at 2.30 p.m. - ABSTRACT AND CONTEMPORARY ART. Experts: Mrs. M.-A. Prat, M.F. Baile, MM. A. Pacini and A. de Louvoart. On view: Hotel Drouot (room 7), Saturday, December 10, Sunday, December 11, from 11 a.m. to 6 p.m. Monday, December 12, from 11 a.m. to 12 a.m. Please contact François Tajan (ext. 320) or Fabienne Garcia (ext. 355) Tel.: (1) 53 30 30 - Fax: (1) 53 30 31. **ETUDE TAJAN**, 37, rue des Mathurins, 75008 PARIS. Tel.: (1) 53 30 30 - Fax: (1) 53 30 31. In NEW YORK please contact Kety Maisonneuve & Co. Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone: (212) 737 35 97 / 737 38 13 - Fax: (212) 861 14 34.

Saturday, December 17, 1994

Room 10 at 2 p.m. - POSTERS "HOMMAGE TO Jean A. MERCIER", French cinema of the 20s & 30s. **MILLON-ROBERT**, 19, rue de la Grange Bâillière, 75009 PARIS. Tel.: (1) 48 00 99 44 - Fax: (1) 48 00 98 98.

Monday, December 19, 1994

Room 6 at 2 p.m. - JEWELRY, DISPLAY CASE ITEMS, GOLD & SILVER SMITHS WORK. Experts: MM. R. Dechaux and Th. Stenon, Ed. de Sévin. MINATURES. Expert: M. O. Boré. On view: Saturday, December 17 from 11 a.m. to 6 p.m., Monday, December 19, from 11 a.m. to 12 a.m. Please contact: Florence Grassein (ext. 350). **ETUDE TAJAN**, 37, rue des Mathurins, 75008 PARIS. Tel.: (1) 53 30 30 - Fax: (1) 53 30 31. In NEW YORK please contact Kety Maisonneuve & Co. Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone: (212) 737 35 97 / 737 38 13 - Fax: (212) 861 14 34.

Tuesday, December 20, 1994

Room 12 at 2 p.m. - STAMPS - POSTAL CARDS. **MILLON-ROBERT**, 19, rue de la Grange Bâillière, 75009 PARIS. Tel.: (1) 48 00 99 44 - Fax: (1) 48 00 98 98.

Wednesday, December 21, 1994

Room 1 at 2 p.m. - MODERN DRAWINGS AND PAINTINGS - ART NOUVEAU - ART DECO. ARTISTS ASSOCIATES, 15, rue de la Grange Bâillière, 75009 PARIS. Tel.: (1) 42 46 71 44 - Fax: (1) 42 46 71 45. **BRASSANT LEEFVEUR**, 46, rue de la Victoire, 75009 PARIS. Tel.: (1) 40 23 92 12 - Fax: (1) 42 81 20 73.

Room 6 at 2.15 p.m. - OLD MASTER PAINTINGS - Expert: M.E. Turpin. On view: Tuesday, December 20, from 11 a.m. to 6 p.m. Wednesday, December 21, from 11 a.m. to 12 a.m. Please contact: Florence Grassein (ext. 347). **ETUDE TAJAN**, 37, rue des Mathurins, 75008 PARIS. Tel.: (1) 53 30 30 - Fax: (1) 53 30 31. In NEW YORK please contact Kety Maisonneuve & Co. Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone: (212) 737 35 97 / 737 38 13 - Fax: (212) 861 14 34.

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Monday, December 19, 1994

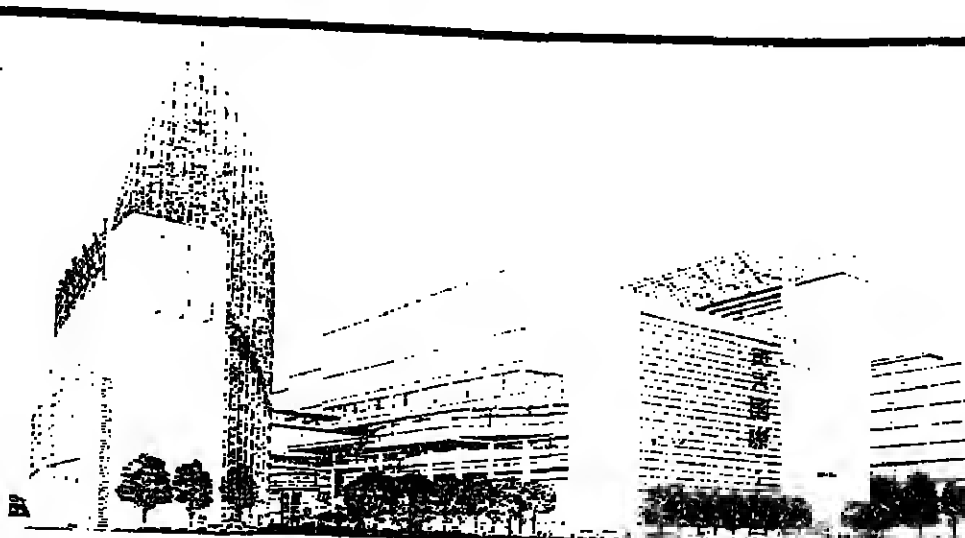
At 8 p.m. - ART DECO (private collection) FURNITURE & OBJETS D'ART by A.A. RATEAU. Expert: Cabinet d'Expertises Camard. EDGAR DEGAS (Nepveu - Degas collection). DRAWINGS, OILS, BRONZE STATUES. Experts: MM. A. Pacini and A. de Louvoart. IMPORTANT 19th and 20th Century Painting. Experts: MM. A. Pacini and A. de Louvoart. Mme M.A. Prat, M. F. Baile. On view: Friday, December 16, Saturday, December 17, Sunday, December 18, from 2 p.m. to 8 p.m. Please contact: Catherine Yaché (ext. 321). **ETUDE TAJAN**, 37, rue des Mathurins, 75008 PARIS. Tel.: (1) 53 30 30 - Fax: (1) 53 30 31.

Tuesday, December 20, 1994

At 3 p.m. - OBJETS D'ART and BEAUTIFUL FURNISHINGS. Experts: MM. O. Le Fuel and R. de L'Espée, MM. J.P. Dillée, G. Dillée. On view: Friday, December 16, Saturday, December 17, Sunday, December 18, from 2 p.m. to 8 p.m. and Monday, December 19, from 11 a.m. to 7 p.m. Please contact: Catherine Yaché (ext. 321). **ETUDE TAJAN**, 37, rue des Mathurins, 75008 PARIS. Tel.: (1) 53 30 30 - Fax: (1) 53 30 31.

At 8 p.m. - IMPORTANT OLD MASTER PAINTINGS. Experts: MM. E. Turpin, G. Herdendorf and A. Laitelle. On view: Friday, December 16, Saturday, December 17 and Sunday, December 18, from 2 p.m. to 8 p.m., Monday, December 19, from 11 a.m. to 7 p.m., Tuesday, December 20, from 11 a.m. to 5 p.m. Please contact: Florence Grassein (ext. 347). **ETUDE TAJAN**, 37, rue des Mathurins, 75008 PARIS. Tel.: (1) 53 30 30 - Fax: (1) 53 30 31.

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Architect's drawing of the Tokyo International Forum, due to be completed in 1996.

The \$1 Billion Forum

Rafael Viñoly's Cultural Center for Tokyo

By Carol Lutfy

TOKYO — When it is completed in early 1996, the Tokyo International Forum will be the single most important cultural and convention center in Japan. Housing dance, musical, and theatrical performances, conventions and trade shows, and one of the nation's most comprehensive public art programs, the \$1 billion, seven-story complex will spread over a seven-acre site on what may be the most expensive real estate in the world.

Construction of the complex is consuming the energies of 33 contractors, 30 architects, 15 engineers and about 2,000 construction workers on a daily basis. Nobody can keep track of the number of subcontractors, which is said to be in the hundreds.

The most extraordinary thing about the complex, however, is the fact that its architect is an American: the Uruguayan-born, New York-based Rafael Viñoly, who won the cut-throat international competition for the project in 1989.

Viñoly is a leftover from Japan's "bubble economy" days, when throngs of foreigners were brought in to bolster Tokyo's international image and add cachet to its frantic building boom. Since then, the Japanese economy has contracted drastically and almost all the foreign architects have been sent home.

"In reality, the architecture market for foreigners in Japan has never really been open," Viñoly said from his Tokyo office, where he spends about half his time. "Nothing about my talent or importance is responsible for my still being here. They just had no way of undoing the competition."

Everybody concedes that Tokyo may not need a municipal center of this scale on some of the city's most precious real estate at this fiscally sensitive time. But Viñoly's design for the International Forum has received high

marks for its thoughtful approach to both a difficult site and to an elusive, multifunctional mandate. Located on a trapezoidal hunk of land that hugs elevated train tracks on one side and borders a dense commercial area on the other, the forum will be neither a civic, commercial or cultural center, and yet it must act as all three.

Viñoly's solution to both problems is a dramatic, elliptical, seven-story glass hall that breaks down the monumentality of the complex with its openness and accessibility. "It serves as both the symbolic and functional vestibule for the complex," Charles Blomberg, one of the project's chief designers, explained.

THE International Forum will be Tokyo's highest profile building of the 1990s. It is, by far, Viñoly's most significant project to date; and given its star location and daring glass hall (in an earthquake-prone country), it is likely to bring unprecedented international attention to the 50-year-old architect.

As the first foreign architect to become registered in Japan and to take full charge of the construction process, Viñoly has had to play the role of both ambassador and pioneer. Combining conceptual thinking, relaxed charm and what has been described as a "design-as-you-go" approach to architecture, his personality may be ideally suited to the task.

The first test of his diplomatic skills came in 1990 when workers began digging the foundation. Archaeological remains from samurai dwellings dating from the Edo Period (1615-1868) were found on the site and the project was stalled at tremendous expense for a year. Viñoly remained poised, but by his own admission, he has not recovered from the setback. "I have always felt that they should have been prepared for that," he says.

Carol Lutfy is a Tokyo-based free-lance journalist who specializes in the arts.

A Galleon's Treasures

By Michael Gibson
International Herald Tribune

PARIS — On Dec. 14, 1600, a naval battle took place in Manila Bay. Two Dutch ships under the orders of Olivier de Noort (the fourth European to circumnavigate the globe), were cruising just outside, capturing unwary merchant vessels, and the small Spanish colony was defenseless.

Antonio de Morga, the ambitious lieutenant general to the governor of the Philippines, requisitioned the San Diego, a 35-meter (115-foot) merchant galleon, had the cannon of the fort of Manila loaded onto the ship, got himself appointed admiral, embarked 500 men and sailed off to meet the enemy.

By his account, the San Diego accosted de Noort's ship, suffered damages in the bull and, after six hours of fierce fighting, sank about 8 kilometers (5 miles) from Fortune Island near the mouth of the bay. About 350 men went down with the ship. The Dutchmen, however, sailed away and de Morga (so he claims), swam to Fortune Island while clutching the ship's standards. Thus the report sent to the king of Spain.

Four centuries later, enter Frank Goddio, 45, financial consultant, submarine archaeologist and founder of the European Institute of Submarine Archaeology.

In the past eight years, Goddio and his team have found and explored seven wrecks in the Philippines. The San Diego, they assumed, lay in or near Manila Bay. But where? To answer that question, they needed more information about the naval battle. Goddio and his team scoured libraries and ultimately came up with first-hand reports and the minutes of an official inquiry preserved in Seville.

THE latter yielded testimony given by surviving crew members to a board of inquiry set up in Manila. Their highly credible testimony offers a different version of the facts.

De Morga, lacking seafaring experience, loaded the San Diego with insufficient ballast, far too much heavy material above deck, and far too many men. When the ships came in shooting distance, the Mauritius, de Noort's vessel, fired a number of shots to which the Spaniards,



A salvaged astrolabe.

shipping water, could not respond.

De Morga drove straight at the Mauritius, and the ships collided. The 59 Dutchmen, suddenly faced with 300 armed Spaniards, fled below deck. At this point, a strange thing happened. The enterprising de Morga, who had so efficiently run operations until then, lay down in his cabin in a near-catastrophic state, despite repeated urgings and occasional aspersions with water, did nothing for five hours.

Meanwhile, the Dutch remained below deck and even offered to surrender, but then, observing the inaction of the Spaniards, de Noort set fire to his ship to flush his men out. When they emerged on deck, de Morga gave order to cut the moorings, and this had barely been done when the San Diego went under.

Thanks to these documents, Goddio and his team learned that the San Diego had sunk inside the bay, much closer to Fortune Island than de Morga claimed.

On April 21, 1991, the magnetometers on Goddio's ship signaled a metallic mass. Divers discovered a tumulus at a depth of 53 meters and, making out the words *Philippus Rex*, 1593, on a protruding cannon, they realized they had found the San Diego.

The admiral had not taken time to unload the merchant ship when he requisitioned it. A wealth of material, Chinese and other porcelain, silver and glassware, locks and keys, coins and jewels, were recovered along with the arms brought on board by de Morga. A total of 5,262 items were salvaged.

Forensic studies on isolated human bones found on the site revealed there had been at least one woman on board, and the owner of one of the skulls had suffered from scurvy. Also, the fact that this or that type of vase was found on board has modified accepted dates for a number of items.

Goddio plans to create a museum of marine archaeology where these objects, and those of other finds, can be displayed. A spectacular presentation of the San Diego treasure can now be seen in the Grande Halle de la Villette in Paris (to Jan. 8). Future exhibitions in Madrid, Amsterdam, Philadelphia, Dallas, Atlanta, Quebec, New York and Los Angeles are planned.

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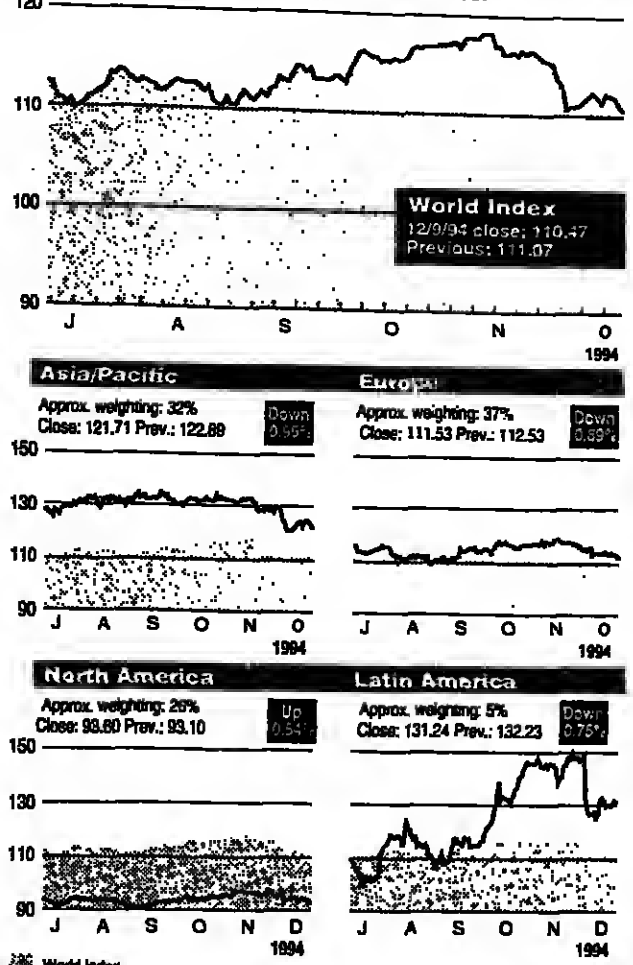
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Industrial Sectors							
	P/L close	Prev. close	% change		P/L close	Prev. close	% change
Energy	111.20	111.41	-0.19	Capital Goods	111.54	112.52	-0.87
Utilities	124.24	124.99	-0.60	Raw Materials	127.55	127.95	-0.32
Finance	110.93	111.95	-0.91	Consumer Goods	101.44	101.78	-0.34
Services	110.05	111.03	-0.88	Miscellaneous	112.05	113.80	-1.54

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92221 Neuilly Cedex, France.

France Closes Bidding For Bull

PARIS — The deadline to submit bids for a stake in Groupe Bull, the state-owned French computer maker, closed on Friday, and the government said it had no plans to make any announcement soon.

Bull, which is 76 percent owned by the government, is being sold to companies and executives rather than through a public offering. Interested parties had until Friday to apply, and their identities were not disclosed.

But NEC Corp. of Japan, an electronics maker that already has a 4.43 percent stake in Bull, said Friday it submitted a bid to raise its share to more than 10 percent.

Key Bull executives also are teaming up for a 5 percent stake, and another 10 percent could be kept aside for staff.

Quadrant, a French holding company, and AT&T Corp. also submitted a joint bid for taking over about 40 percent of Bull's capital, Paris banking sources said.

The sources said the offer was comprehensive, outlining an industrial strategy for the company, but it did not involve any breakup of Bull.

The offer also could bring together other shareholders in the company, such as NEC, International Business Machines Corp. and management, the sources said.

No other companies are official candidates, but other names mentioned include Motorola Inc. and several non-Japanese Asian companies.

The privatization of Bull is a priority for the French government, which after pumping \$2.1 billion into the company promised the European Commission that such capital injections would cease.

(Reuters, AFP, APX)

Orange: Deeper in Red Bankrupt County Defaults on a Bond

LOS ANGELES — Orange County's financial plight worsened Friday as word spread that it had missed payment on a \$110 million debt, the first default since the California county filed for bankruptcy.

Moody's Investors Service Inc. promptly downgraded the affected bonds to "junk" status, calling into question the worth of other Orange County bonds.

In addition, the county said it would file suit Friday against several brokerage firms in an effort to keep its loss-plagued investment fund from collapsing.

Adding to alarm and confusion surrounding the bankruptcy filing, the county, which has pledged to meet all school and local government payroll, has acknowledged that it could not pay all its outside suppliers.

"Some vendors are probably not going to get paid," County Administrator Ernie Schneider told a meeting of the Orange County City Managers Association in Irvine.

The county was forced to file for bankruptcy Tuesday after it was unable to roll over a

\$2 billion loan. The filing followed the disclosure last week that the county's investment fund had lost more than \$1.5 billion because of interest rate bets that went bad.

Merrill Lynch & Co. and Rauscher Pierce Refsnes Inc. both said Friday that they had received subpoenas from the Securities and Exchange Commission as part of the federal agency's investigation into the bankruptcy.

County officials announced the default, saying that investors in the \$110 million pension bond backed by the now-frozen investment pool were not paid on schedule Thursday. The default does not immediately imperil payments to pensioners.

In an attempt to protect the ailing fund, the county plans to sue several brokerages in federal Bankruptcy Court in Santa Ana. Various firms, it said, have sold \$11 billion worth of collateral.

An exception to the selling of collateral was Merrill Lynch, which said it would not call its \$2 billion in credit or sell its collateral.

Attempting to reassure investors and taxpayers, the county named a former state treasurer, Thomas Hayes, as the new manager of its troubled investment fund and hired Salomoo Brothers Inc. as an adviser.

(NYT, Bloomberg, AP)

Japan Rescues Thrifts With Public Funds

By Steven Brull

International Herald Tribune

TOKYO — In the first use of Japanese public funds to prevent a financial institution from failing in the postwar era, the Bank of Japan said Friday it would bail out two small credit associations, a move that could hasten the cleanup of the country's loss-ridden financial system.

Although the central bank said the special bank it would set up and help fund would assist only the two ailing credit unions being absorbed, analysts said it could eventually be expanded to rescue other insolvent institutions, in effect becoming a Japanese version of the U.S. Resolution Trust Corp.

The Ministry of Finance and the Bank of Japan are getting to the stage where they're saying the cleanup has got to progress, Betsy Daniels, banking analyst at Morgan Stanley & Co., said.

The new bank is expected to be capitalized at 40 billion yen (\$400 million), with half being fronted by the Bank of Japan. The sum is small in comparison with the tens of trillions of yen in overperforming loans created by the collapse of property and stock prices after the bursting of the speculative bubble of the late 1980s. But it was nonetheless seen as curative.

"Twenty billion is small peanuts," Ms. Daniels said, "but we've never seen it before."

The process of writing down losses has been slow, in large part because banks have shied away from declaring losses.

The new use of public funds underscores Tokyo's determination to clean up a festering problem that, given the slow recovery of Japanese property prices, has become increasingly difficult to sweep under the rug.

"It could dramatically hasten the balance-sheet restructuring

of Japanese institutions," Ms. Daniels said, adding that the announcement Friday was greeted positively by investors and the bond market.

A faster write-down of the debt also would help the Japanese economy by allowing faster expansion of bank lending to smaller- and medium-sized Japanese companies, which now have trouble obtaining credit.

"The Ministry of Finance is determined to show the Japanese people and the world that they're in control of the system, there's no systemic risk and they do not intend to let a financial institution go under," Brian Waterhouse, an analyst at James Capel, said.

Still, the Bank of Japan is unlikely to mount massive rescue operations nor divert much from reliance on major city banks to help ailing nonbank institutions. In the most recent such rescue orchestrated by the central bank, in October, Mitsubishi Bank spent \$2 billion to acquire a majority stake in Nippon Trust Bank. In return, it got access to the pension fund management business.

But the rescue of Tokyo Kyowa Credit Association and the Anzen Credit Bank, which together had bad assets of 100 billion yen stemming largely from loans to a property developer, instead suggests that public funds may be used in special cases, and mainly for hopelessly indebted nonbank institutions.

In the instance Friday, analysts speculated that the expected white knight, the Long-Term Credit Bank of Japan, was given special treatment because of its historic role in helping develop strategic industries. Still, Long-Term Credit, other private banks and the Deposit Insurance Corp. are expected to put up the other 20 billion yen for the new bank.

Free Trade's 'Magic Moment'

The Associated Press

MIAMI — Setting the stage for a 34-nation Americas summit meeting, President Bill Clinton called Friday for a new "partnership for prosperity" to open markets and strengthen the hemisphere's wave of democracy.

Mr. Clinton was welcoming leaders from across North and South America to the meeting, which is expected to promote a free-trade pact by 2005.

"This is a magic moment," he said. "Let us seize it."

Framing the meeting in economic and cultural terms, Mr. Clinton said the gathering was designed to open markets, strengthen democracy and im-

prove the quality of life throughout the region.

"If we're successful, the summit will lead to more jobs, opportunity and prosperity," he said.

The meeting — the first such gathering of hemispheric leaders in nearly 30 years — was to open Friday evening with Mr. Clinton's formal greeting and a ceremonial dinner.

The president, speaking at midday to an audience of sponsors and organizers of the meeting and business executives, argued that expanding trade and cooperation in the region would benefit U.S. workers, not cost American jobs.

"If we act wisely, then we can

make this new world work for us," he said. "Trade can be a benefit for our people."

"Every American worker in every part of the United States should be glad that we are here at the Summit of the Americas," he said.

James Brooke of The New York Times reported earlier from Miami.

As they began arriving here for a huge summit meeting, Mr. Clinton and the other American leaders were no doubt relieved that negotiators had resolved a series of sharp disagreements over how quickly to establish a

See MIAMI, Page 10

How to Become Rich in Albania

Report From Dr. Gerhard Kurtz

The once isolated country of Albania is now free and democratic. For men of action this provides an exciting opportunity to get rich... in a country which lacks just about everything. In the process you can enjoy the pleasures of Europe's last and most unknown paradise...

In this new Report "How to Become Rich in Albania", Dr. Kurtz reveals what he's discovered in Albania during recent on-the-spot research into this inexpensive and unspoiled country - and the opportunities you should look for:

● In this poorest country of all Europe you can live like a king under palm trees - even if at home you're drawing welfare. Where income averages US\$35 monthly, your pennies immediately turn into gold nuggets. Suddenly, you can afford everything...

● Albania is one of the few countries left where you can lead a feudal lifestyle surrounded by undemanding domestic helpers. In the South the climate's as good as Florida (without the hurricanes).

● For the last 45 years taxes have been unknown in Albania. Modest tax increases have been introduced but it will take many years before they can really be enforced. Investors won't have to worry about taxes at all because of the generous tax holidays on offer.

● Practically Everything's Now Allowed

● After half a century of being the most repressive country in the world - it seems no effort is being spared to make it the country offering the most freedom. Practically everything is allowed...

● It's no problem to come and live in this once isolated - but now free and democratic state for a time - or for the rest of your life. You can become a citizen instantly and enjoy all the advantages of being Albanian.

● If you become Albanian, you're entitled to free land (out of the reprivatization fund), and you can buy as much cheap domestic land as you want on special conditions given to locals (but hurry up...)

● Find out more about the advantages of an Albanian Passport - how to get one - and what you have to pay.

● Since Albania is too poor to have diplomatic representatives in all other countries, any foreigner willing to pay for the upkeep of a Consulate or Embassy has a chance of being appointed consul or even ambassador (but you have to know the right contacts).

● The Ministry of Education and Culture can offer you a restored noble title which can be entered officially in your passport for the equivalent cost of a mountain bike.

● There are plenty of opportunities for entrepreneurs in a country which lacks just about everything: there are no bakeries, boutiques, copier shops, discos, fast-food outlets, car sales agencies or repair shops, gasoline stations or tourism facilities. A thousand and one other services are lacking in many towns and

villages. It is precisely this lack which offers the big "zero hour" chance for men of action - an opportunity such as was last offered after the second World War which laid the foundations of great wealth for so many.

● US\$500 and capital of a mere US\$ 1,000 is needed to incorporate. With an Albanian company you can buy real estate within the country (foreigners are not allowed to) and operate worldwide without raising suspicions like the people who use Bahamas, Isle of Man or Liechtenstein companies. (You get a summary of Albanian Company Law in the Report).

● About the Author

Born in Germany, Dr. Gerhard Kurtz has been an investigative journalist most of his working life.

A confirmed cosmopolitan with an uncompromising style of journalism, Dr. Kurtz has been an Editor of several German magazines, a freelance contributor to "Spiegel", "Stern" and "Time" and has written several books and reports including "227 Tax Havens", "How to Avoid Taxes", "How to Get a Second Passport", "How to Make Money" and "How to Gain Your Rights". He has published "Kurtz-Brief", a successful financial newsletter.

● Albanians are friendly, helpful (Mother Theresa is Albanian!) and they just love foreigners. (What a difference to all those tourist traps where the locals just can't bear strangers anymore).

● One of the Last Paradises

● Albania is also one of the last paradises for unspoiled animal life. Hunters will be interested to hear that down here they have brown bear, wolf, jackal, lynx,

wildcat and otter. Not to mention the wild goat, deer, boar, hare, etc. Fishermen will find sardines, red mullet, carp, speckled trout, and there are white-bellied seals, whales, etc. in rivers, lakes and seas.

● Everything you wanted to know about Europe's last and most unknown paradise can now be found in Dr. Kurtz's latest Report: "How to Become Rich in Albania". It will reveal to you why Albania's history is the key to understanding this strange country... how to get there 90% cheaper... what to do to set up your business... who will help you to get an Albanian passport... where to write to gain a noble title... whom to contact to be appointed an Albanian diplomat... what political risks to beware of... which lawyer can form your US\$ 500 Albanian limited company... what you should know about Albanian taxes... how to find a business partner who is already operating in Albania... what you should know about the local language and why you can get by with just English... which other towns you should know besides the capital Tirana and what they have to offer... useful addresses including where to eat and sleep (an average hotel costs just US\$2.50 a night).

Find out more about the opportunities in Albania as soon as you can - before other people get there.

Fax or mail using the RESERVATION FORM below and you'll get a copy of "How to become Rich in Albania" by return.

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ECONOMIC SCENE

A Crystal Ball Fixes on 1995

By Lawrence Malkin

International Herald Tribune

NEW YORK — The forecasting season is at hand, so it is time to tune in on Marvin Zonis, who began this year with the bold prediction that Deng Xiaoping would die in 1994.

Mr. Zonis, a professor of international political economy at the University of Chicago's business school, is hardly distressed by the clouds in his crystal ball. They emphasize his prediction for next year that if China's paramount leader does not depart the scene in 1995, his country faces financial catastrophe because Mr. Deng's potential successors will continue to avoid offending their supporters in the leadership struggle by delaying the hard decisions necessary to control China's inflation, now running at 27 percent nationally.

Recent financial defaults are one sign of this paralysis. Another is the danger of urban unrest. "The sooner Deng dies, the sooner the country can get on with controlling its finances and avoid disaster," he said.

Mr. Zonis studied psychoanalysis for a decade to help him explain the often opaque motives of political figures in the Middle East, his original area of academic concentration. He began his career as a guru on television during the Iranian hostage crisis of 1980 and then branched into corporate consulting. Clients include the accounting firm of Arthur Andersen & Co., Barings Asset Management in London, and Nomura Securities.

Mr. Zonis has few competitors in the international prediction business, although the American guru John Naisbitt used to provide clients with forward-looking tips on management, consumer and technology trends, and

Britain's Oxford Analytica is known for acute trend-spotting in its daily facsimiles to clients worldwide.

The object of Mr. Zonis's provocative predictions is to make clients think rather than rack up a perfect record.

His successes include predicting the breakup of the Soviet Union six months before the fall of the Berlin Wall in 1989, but he struck out in using psychology and his knowledge of the Middle East to explain why Saddam Hussein would not go to war in 1990. Using similar background and techniques, Oxford Analytica's expert correctly predicted that the Iraqi leader would invade Kuwait.

Here is the rest of Mr. Zonis's 1995 tour d'horizon of the world's uncertainties.

Russia: Moscow will muddle through with more improvements in the service sector than recognized — but it is the sector tracked least in official statistics. With parliamentary elections in 1995 and presidential elections in 1996, "Russian politicians will play for the lowest common denominator. Mikhail Gorbachev will run for the presidency on the lure of a return to Communism, in which he still believes, and that will stymie the move toward a market economy."

Saudi Arabia: "Government by hypochondria will result in lower world oil prices." Crucial decisions will be ducked on curtailing subsidies to royal relatives, and the kingdom will take the path of least resistance by selling more oil.

The Middle East: Yasser Arafat will either be assassinated or be aided by Palestinian elections, which will be won by West Bank pragmatists who have learned how to deal

See FORECAST, Page 11

Budget Woes Hit Markets In Milan

Reuters

MILAN — Italy's battered bourse slumped more than 2 percent Friday as fears about the state of Prime Minister Silvio Berlusconi's government and its crucial 1995 budget took their toll on markets.

The benchmark Mibtel stock index fell 243 points to 5,564, while the lira scraped along near record lows against the Deutsche mark. At the close in Milan, it took 1,032.60 lire to buy one mark. The lira has fallen more than 4 percent against the mark this year.

"Gaps are opening up in the budget and this government doesn't seem to have the strength to do anything about it," said the chief equity trader at a major Italian bank.

Mr. Berlusconi's government has pinned its reputation on the budget, which is currently fighting its way through Parliament.

The budget is committed to cutting 48 trillion lire (\$29.5 billion) from 1995's public deficit, but analysts warned that the sum would not be met with the measures currently in place.

A survey published Friday showed that 70 percent of Italy's business people do not believe the bill will restore international confidence in the country.

CURRENCY & INTEREST RATES

Cross Rates	Dec. 9	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian dollar	1.385	2.754	1.37	0.230	1.997	—	5.6	1.332	1.704
British pound	1.594	2.648	—	0.234	1.992	—	5.6	1.332	1.704
Canadian dollar	1.280	2.648	—	0.234	1.992	—	5.6	1.332	1.704
French franc	1.280	2.648	—	0.234	1.992	—	5.6	1.332	1.704
German mark	1.280	2.648	—	0.234	1.992	—	5.6	1.332	1.704
Japanese yen	1.280	2.648	—	0.234	1.992	—	5.6	1.332	1.704
Swiss franc	1.280	2.648	—	0.234	1.992	—	5.6	1.332	1.704
U.S. dollar	1.280	2.648	—	0.234	1.992	—	5.6	1.332	1.704
Other Dollar Values									
Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian dollar	1.385	2.754	1.37	0.230	1.997	—	5.6	1.332	1.704
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U.S. dollar	1.280	2.648	—	0.234	1.992	—	5.6	1.332	1.704
Forward Rates									
Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day	Currency	30-day
Australian dollar	1.385	1.393	1.397	Canadian dollar	1.280	1.284	1.286	Japanese yen	99.0
British pound	1.594	1.598	1.601	French franc	1.280	1.284	1.286	German mark	1.280
Swiss franc	1.280	1.284	1.286	U.S. dollar	1.280	1.284	1.286		

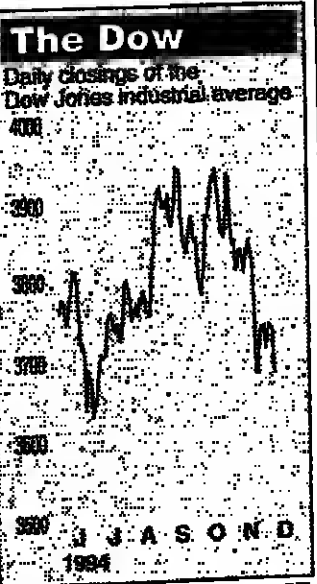
MARKET DIARY

Shares Stabilize After 3-Day Slump

Bloomberg Business News
NEW YORK — U.S. stocks stabilized on Friday after a plunge on Thursday, buoyed by a rally in computer stocks and perceptions that Orange County's bankruptcy will not cripple the economy or financial markets.
"I think we've weathered the storm," said Brian Grove, manager of the Transamerica Growth & Income Fund.
The Dow Jones industrial average closed up 5.38 points at 3,691.11, after a turbulent session in which the average fell as much as 30.62 points. The average had tumbled 49.79 points Thursday and was down 1.5 percent for the week. It has fallen more than 2 percent since Orange County's investment losses were first disclosed.
A steady bond market also helped avert a plunge in stocks, traders said. The price of the benchmark 30-year Treasury bond rose 2/32 to 95 29/32, leaving the yield unchanged from Thursday at 7.86 percent.
"The bond market is acting healthy and even the panic itself reduces the chance the Fed will raise interest rates again" soon, said Don Hays, chief investment strategist at Wheat First Securities Inc.
On the New York Stock Exchange, decliners outnumbered advancers by a 13-to-9 ratio, and trading volume totaled 336.12 million shares, down from 362.30 million on Thursday.
Stocks seersawed throughout the day as investors tried to sort out the repercussions of Orange County's bankruptcy for the economy and financial assets, traders said. Some analysts said the stock market could resume its decline Monday as the impact of Orange County on Wall Street firms and taxpayers becomes clear.
Semiconductor stocks led the rebound, offsetting declines in brokerage and financial services shares. Semiconductor and computer stocks rose after an industry trade group said new orders for chips increased in November from October.
Motorola rose 1 1/2 to 55 1/4, Morgan Stanley Group surged 2 1/2 to 58 1/4 after news of merger discussions with Britain's S.G. Warburg Group.
Railroad stocks fell after five railroad operators were downgraded Morgan Stanley.

Dollar Drifts as Market Awaits Economic Data

Compiled by Our Staff From Dispatches
NEW YORK — The dollar ended mostly steady on Friday as profit-taking offset support stemming from expectations for increased U.S. interest rates.
Traders took advantage of the dollar's higher levels and sold it, traders said.
The dollar has been appreciating since the Federal Reserve Board raised rates by 0.75 percentage point on Nov. 15.
"The prospect of another rate increase is what's helping the dollar right now," said John McCarthy, manager of foreign exchange trading at ING Capital Markets.
But dealers said the dollar did not make any significant moves because a batch of economic reports, including U.S. inflation data, is due next week.
The dollar closed at 157.70 Deutsche marks, flat from Thursday.



Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	3679.98	3691.11	3655.11	3691.11	+5.38
Trans	1232.76	1235.11	1232.11	1235.11	+2.35
Comp	1220.48	1225.99	1217.11	1225.99	+5.51

Standard & Poor's Indexes

	High	Low	Close	Chg.
Indus	538.21	535.28	538.21	+0.31
Trans	173.21	172.19	173.21	+1.02
Comp	173.21	172.19	173.21	+1.02

NYSE Indexes

	High	Low	Close	Chg.
Composite	241.17	240.45	241.17	+0.72
Indus	37.45	37.30	37.45	+0.15
Trans	11.51	11.47	11.51	+0.04
Comp	19.20	19.19	19.20	+0.01

NASDAQ Indexes

	High	Low	Close	Chg.
Composite	717.88	712.25	717.88	+5.63
Indus	67.51	67.49	67.51	+0.02
Trans	67.51	67.49	67.51	+0.02
Comp	67.51	67.49	67.51	+0.02

AMEX Stock Index

	High	Low	Close	Chg.
Composite	422.84	419.46	422.84	+3.38

Dow Jones Bond Averages

	Close	Chg.
30 Yr	95 29/32	+2/32
10 Yr	94 1/8	+1/8
5 Yr	93 1/8	+1/8

NYSE Most Actives

Vol.	High	Low	Last	Chg.
Volvo	14624	30 1/4	30 1/4	+1/4
IBM	30724	21 1/4	21 1/4	+1/4
Microsoft	30724	21 1/4	21 1/4	+1/4
Oracle	30724	21 1/4	21 1/4	+1/4
Novell	30724	21 1/4	21 1/4	+1/4

NASDAQ Most Actives

Vol.	High	Low	Last	Chg.
IBM	14624	30 1/4	30 1/4	+1/4
Microsoft	30724	21 1/4	21 1/4	+1/4
Oracle	30724	21 1/4	21 1/4	+1/4
Novell	30724	21 1/4	21 1/4	+1/4
Lotus	30724	21 1/4	21 1/4	+1/4

NYSE Diary

Class	Prev.
Advanced	136
Declined	187
Unchanged	1913

AMEX Diary

Class	Prev.
Advanced	239
Declined	239
Unchanged	239

NASDAQ Diary

Class	Prev.
Advanced	1419
Declined	1419
Unchanged	1419

Spot Commodities

Commodity	Today	Prev.
Crude oil	21.00	21.00
Gold	380.00	380.00
Silver	17.00	17.00

Jan	1977.30	1977.50	1978.50
Mar	1977.50	1977.50	1978.50
May	N.T.	N.T.	N.T.
Sept	N.T.	N.T.	N.T.
Oct	N.T.	N.T.	N.T.
Nov	N.T.	N.T.	N.T.
Dec	N.T.	N.T.	N.T.
Volume	14,529	Open	48.5
Source: MetLife, Associated London and Foreign Futures Ex- change and Petroleum Exchange			

Dividends	
Company	Per Ann Div
IRREGULAR	
Exxon Corp	30
Growth Ind Fund	10
Yale Ind Fund	4.99
Yale Ind Fund	4.99
Wellstar Corp	10
STOCK SPLIT	
Alliance Semi-con 3 per 2 split.	
Post Co 2 for 1 split.	
INCREASED	
Amer Annuity	6
Barnwell Ind	10
Wichita Real	10
SPECIAL	
Invest Elec A&B	3
Hickok E Elec	10
REDUCED	
Electron Var Mstr	25
YEAR-END	

Market Sales

NYSE	NYSE	NYSE
100,000	100,000	100,000
200,000	200,000	200,000
300,000	300,000	300,000

MIAMI: After It Accepts Free Trade, Latin America Calls U.S. Backslider

Continued From Page 9
sure, for example, did the United States agree to set a date for concluding talks for a free trade pact for the Americas — and that date was 10 years in the future. In addition, the target was for finishing the talks, not for actually lowering the trade barriers themselves.
For years, Washington urged Latin American countries to open their markets to American products, and in the past few years they have. In the past decade, Latin American nations have slashed trade barriers and made the region the fastest growing U.S. export market in the world.
It used to be that Latin American leaders were wary of Yankee free-traders. Now they suspect that it is the United States that is losing its historical free-trade zeal and is more interested in protecting its own markets.
"Instead of signing a declaration of generalities, we should be setting a date to start the hemisphere free trade zone," said the president of Bolivia.
American companies have doubled sales in a decade, making Latin America the only region where the United States enjoys a trade surplus. By the end of the 1990s, the United States expects to export more to Mexico than to Japan, and more to Latin America than to Western Europe.

U.S./AT THE CLOSE

GM Lowers Its Production Estimate

DETROIT (Bloomberg) — General Motors Corp. on Friday cut its estimate of fourth-quarter North American vehicle production by another 1.6 percent because of weak luxury-car sales and slow production startup of new models at some factories.
Earlier this year, GM said profit could be reduced by as much as \$130 million because of cuts in production forecasts.
The latest cuts could shave \$40 million from GM's fourth-quarter profit, said Joseph Philippi, a Lehman Brothers analyst.

Survey Sees Growth Slowing in 1995

WASHINGTON (Combined Dispatches) — Leading U.S. economists expect growth to slow moderately next year, according to a survey released Friday.
The survey of 50 top economic forecasters by Eggert Economic Enterprises concluded that growth should slow to 2.9 percent next year from 3.9 percent in 1994. Inflation is expected to pick up modestly next year, with consumer prices rising 3.4 percent, compared with a 2.7 percent increase in 1994.
Separately, the University of Michigan's preliminary consumer sentiment index for December advanced to 77.7, the highest reading since January 1989 and up from 91.6 in November. (Bloomberg, Reuters)

Gabelli and Gamco to Pay SEC Fine

WASHINGTON (Combined Dispatches) — Gabelli & Co., a prominent investment firm, has agreed to pay a \$100,000 fine to settle federal charges it violated federal insider trading laws.
The SEC charged that Gabelli and its affiliate, Gamco Investors Inc., did not maintain a proper division to keep market-sensitive information from unauthorized employees.
Gabelli did not admit or deny the allegations. It has called them a "technical debate," saying it settled to conclude the matter. (AP, Reuters)

Limit on Baby Bell Is Under Review

WASHINGTON (NYT) — The Justice Department is close to recommending that a regional Bell telephone company be allowed to enter the long-distance industry for the first time since the government forced the breakup of the Bell System more than a decade ago.
People familiar with the proposal, which would require the approval of a federal judge, said Thursday that it would allow Ameritech Corp. to offer long-distance service to customers in metropolitan Chicago. In return, the company would be required to open its local-telephone business in the area to full competition by other telecommunications companies.
Analysts said the proposal could set a precedent for eventually allowing all the regional Bells to provide long-distance service.

Thermo Electron Eats Poison Pill

WALTHAM, Massachusetts (Bloomberg) — Thermo Electron Corp. said Friday it dropped its \$24.50-a-share cash tender offer for Puritan-Bennett Corp., citing the respirator maker's so-called poison pill takeover defense.
The poison-pill provision, which results in the issue of more shares and makes a takeover prohibitively expensive, would have been triggered if Thermo bought more than 20 percent of Puritan-Bennett's outstanding shares.

QVC Profit Falls 33% in 3d Quarter

WEST CHESTER, Pennsylvania (Reuters) — The broadcaster QVC Corp. said Friday its profit fell 33 percent in the third quarter, while revenue rose 16 percent.
The company earned \$14.5 million in the quarter, compared with \$21.5 million in the year-earlier quarter last year, on sales of \$364.5 million. Sales in the similar period last year were \$313.9 million.
QVC's Secondary Channel lost \$7.9 million in the quarter. The company also lost money on joint ventures in Mexico and Britain.

For the Record

Telecommunications Inc. said Friday that it had struck an agreement with the Federal Trade Commission allowing it to buy TeleCable Corp.'s cable systems. (Bloomberg)
Warren Buffett said Friday that he planned to remain on the board of USAir Group Inc. The investor had threatened to resign unless the airline could come up with a cost-cutting plan with unions. (Reuters)

WORLD STOCK MARKETS

Agencia France Press Dec. 9

Country	Index	Change
Amsterdam	318.20	+1.10
ASX	101.20	+0.10
Bombay	101.20	+0.10
Buenos Aires	101.20	+0.10
Calcutta	101.20	+0.10
Caracas	101.20	+0.10
Chicago	101.20	+0.10
Coin	101.20	+0.10
Colon	101.20	+0.10
Hong Kong	101.20	+0.10
London	101.20	+0.10
Manila	101.20	+0.10
Medan	101.20	+0.10
Mexico	101.20	+0.10
Montevideo	101.20	+0.10
Osaka	101.20	+0.10
Paris	101.20	+0.10
Rangoon	101.20	+0.10
San Francisco	101.20	+0.10
Sao Paulo	101.20	+0.10
Seoul	101.20	+0.10
Singapore	101.20	+0.10
Tokyo	101.20	+0.10
Yokohama	101.20	+0.10

U.S. FUTURES

Agencia France Press Dec. 9

Contract	Open	High	Low	Close	Chg.
Wheat	1.25	1.26	1.24	1.25	+0.01
Wheat	1.25	1.26	1.24	1.25	+0.01
Wheat	1.25	1.26	1.24	1.25	+0.01
Wheat	1.25	1.26	1.24	1.25	+0.01
Wheat	1.25	1.26	1.24	1.25	+0.01

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Agencia France Press Dec. 9

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Wheat	1.25	1.26	1.24	1.25	+0.01
Wheat	1.25	1.26	1.24	1.25	+0.01
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Wheat	1.25	1.26	1.24	1.25	+0.01
Wheat	1.25	1.26	1.24	1.25	+0.01
Wheat	1.25	1.26	1.24	1.25	+0.01

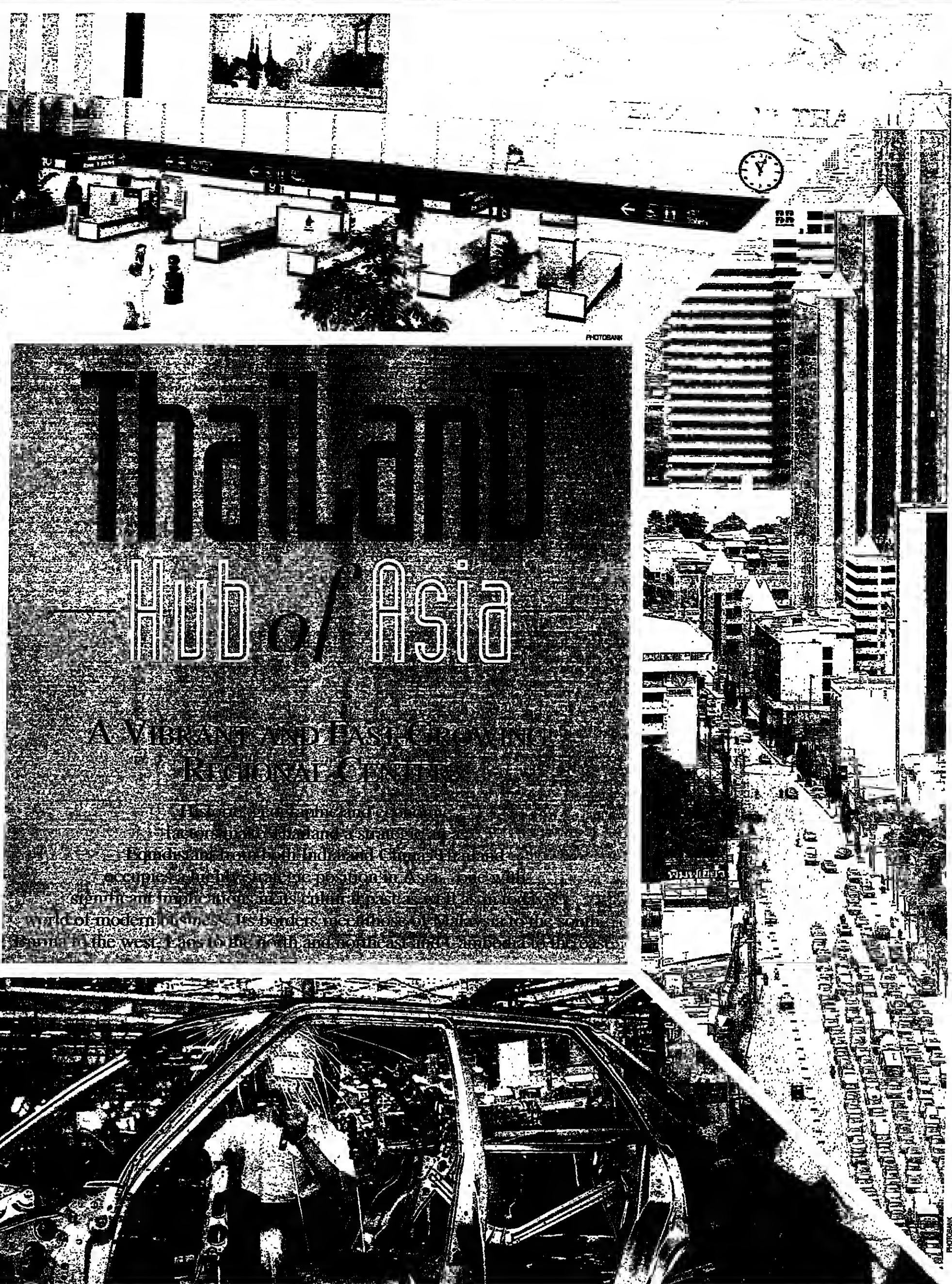
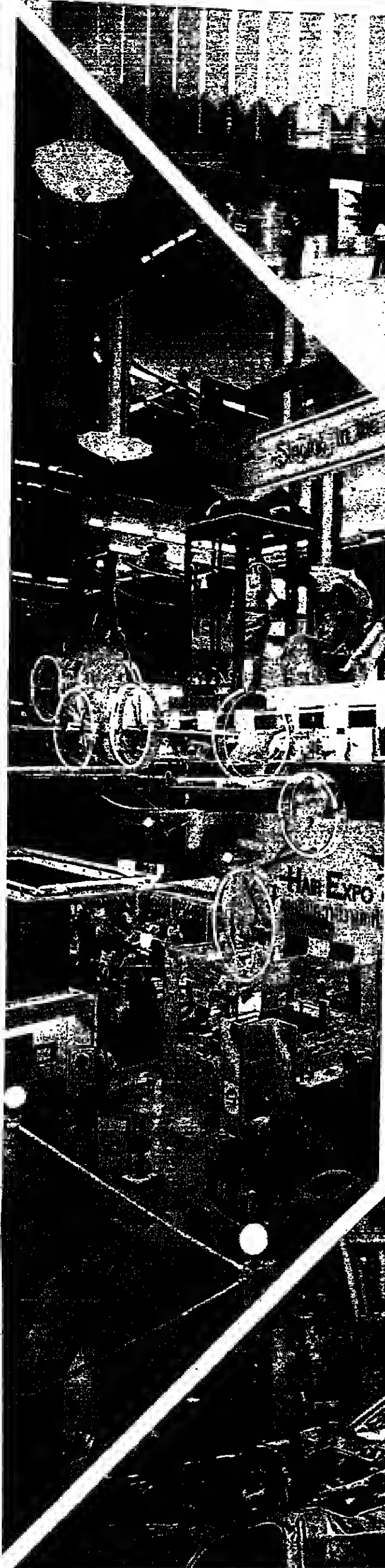
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Thailand

Hub of Asia

A VIBRANT AND FAST-GROWING REGIONAL CENTER

Thailand's central location, combined with intensive efforts on the part of the government and the private sector, have transformed the country into a dynamic powerhouse, the gateway to Indochina for international businesses and a hub of air travel throughout the region. Bangkok's Don Muang International Airport serves a larger number of carriers than any other Asian facility, with a total of 73 scheduled and chartered airlines, while the capital itself offers a unique array of advantages that include affordable five-star hotels, great restaurants, the cheapest office rents in Asia, a competent labor force and a sophisticated system of instant worldwide telecommunications that includes two satellites launched within the past year.

The country as a whole covers some 514,000 square kilometers, roughly the size of France, and consists of four major regions that vary widely in scenic attractions for travelers of all tastes.

In the far North, rugged mountains rise to more than 2,500 meters, and temperatures drop sufficiently in winter months for the cultivation of such temperate fruits as strawberries and litchis; exotic tribal people live in remote villages at higher altitudes, trained elephants work in the forests and more than a thousand species of native orchids bloom in the trees.

The northeast is a rolling plateau stretching to the broad Mekong River, over which the first bridge linking Thailand and Laos was opened earlier this year. Khmer ruins — the most imposing outside Cambodia itself — bear testament to the region's ancient past, while it is also noted for its spicy cuisine and such crafts as shimmering Thai silk.

The fertile central plains, guarded by mountains on three sides from extremes of weather and sudden invasions by outsiders, is one of the world's greatest rice-growing areas and has been the scene of Thailand's most intense cultural and economic development. Four capitals have risen here, three of them situated combined with the natural wealth of its fields, rivers and seas, has made it a cultural crossroads since prehistoric times. The Thais themselves established their first kingdoms nearly a thousand years ago and maintained their independence throughout the period of Western colonization — the only country in Southeast Asia to do so. Today, Thailand's central position remains as significant as ever, as can be seen in the key role it plays in contemporary regional development.

Through such groups as the Association of South East Asian Nations (ASEAN), an outgrowth of the Association of Southeast Asia (ASA) founded by Thailand, Malaysia and the Philippines in 1961, it is a leader in promoting regional trade and political stability. Besides the original members, ASEAN now includes Indonesia, Singapore and Brunei, and there is talk of extending membership to other neighboring countries. Thailand has also become a major force in the economic development of Vietnam, Laos and Cambodia through both assistance programs and business ventures. Many international companies now use Bangkok as a base in their dealings with the countries of Indochina, especially Vietnam, all now a short flight from the Thai capital.

Thailand's own growth as it has moved from a primarily agricultural economy to an industrial base is one of the legendary success stories of modern Asia.

This is apparent in statistics showing an annual economic growth rate of more than 8 percent (compared with a global rate of 3.2 percent) and exports forecast to rise this year by 14 percent over 1993 and to pass the one-trillion-baht (\$40 billion) mark for the first time.

Skyscrapers and satellites

At the same time, the country is consolidating its position of leadership with constant infrastructure improvements. The launching of two satellites — the second in October of this year — means that Thailand now has its own complete telecommunications system and no longer needs to rely on regional systems. To meet anticipated future demands, a third one, Thaicom-3, is planned for launching by 1996. A superb highway network linking every region, modern industrial estates with convenient export facilities, international airports in a number of provincial capitals and heavy public and private investment to meet environmental challenges are other clear manifestations of the nation's prosperity and commitment to development.

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Rice bowl of Southeast Asia

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combined with the natural wealth of its fields, rivers and seas, has made it a cultural crossroads since prehistoric times. The Thais themselves established their first kingdoms nearly a thousand years ago and maintained their independence throughout the period of Western colonization — the only country in Southeast Asia to do so. Today, Thailand's central position remains as significant as ever, as can be seen in the key role it plays in contemporary regional development.

Through such groups as the Association of South East Asian Nations (ASEAN), an outgrowth of the Association of Southeast Asia (ASA) founded by Thailand, Malaysia and the Philippines in 1961, it is a leader in promoting regional trade and political stability. Besides the original members, ASEAN now includes Indonesia, Singapore and Brunei, and there is talk of extending membership to other neighboring countries. Thailand has also become a major

force in the economic development of Vietnam, Laos and Cambodia through both assistance programs and business ventures. Many international companies now use Bangkok as a base in their dealings with the countries of Indochina, especially Vietnam, all now a short flight from the Thai capital.

Thailand's own growth as it has moved from a primarily agricultural economy to an industrial base is one of the legendary success stories of modern Asia.

This is apparent in statistics showing an annual economic growth rate of more than 8 percent (compared with a global rate of 3.2 percent) and exports forecast to rise this year by 14 percent over 1993 and to pass the one-trillion-baht (\$40 billion) mark for the first time.

Skyscrapers and satellites

At the same time, the country is consolidating its position of leadership with constant infrastructure improvements. The launching of two satellites — the second in October of this year — means that Thailand now has its own complete telecommunications system and no longer needs to rely on regional systems. To meet anticipated future demands, a third one, Thaicom-3, is planned for launching by 1996. A superb highway network linking every region, modern industrial estates with convenient export facilities, international airports in a number of provincial capitals and heavy public and private investment to meet environmental challenges are other clear manifestations of the nation's prosperity and commitment to development.

HOTELS THAT SOOTHE THE BUSINESS TRAVELER

Bangkok's hotels offer services well beyond the standard amenities. Of the top 100 hotels in the world, according to the latest survey conducted by the business-oriented American magazine *Institutional Investor*, four happen to be in Bangkok. In the number-one slot is the celebrated Oriental (which was also first for 10 consecutive years after the survey began in 1981), while the Regent is fourth; two others, the Shangri-La and the Dusit Thani, came in 30th and 80th respectively on the prestigious list.

Add to these a dozen or so other deluxe properties, among them local representatives of such international chains as the Hilton International, the Royal Orchid Sheraton and the Grand Hyatt

Erawan, and it becomes clear that Thailand's capital suffers from no shortage of world-class accommodations, along with the sort of personalized service rarely found elsewhere. Moreover, in this case superior quality does not mean a high price tag. Thai hotels today offer the best value for money to be found anywhere in Asia or, for that matter, the world.

Business made easy

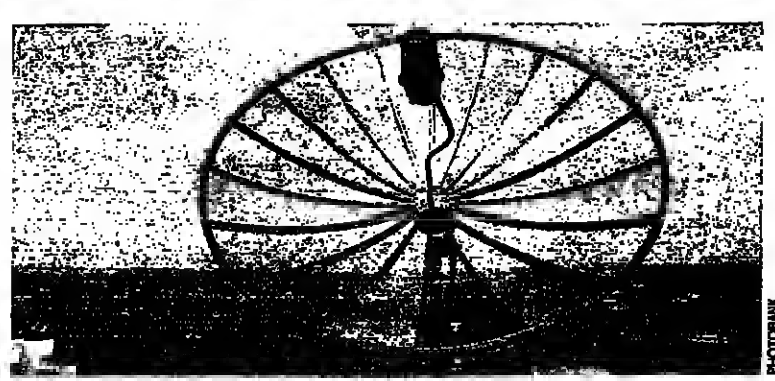
Business travelers in particular, an estimated 10,000 of whom now arrive in Thailand every week, can profit further, since nearly all the four- and five-star hotels are making a determined effort to attract their lucrative custom in a variety of ways.

All, for example, now have sophisticated business centers offering the latest in rapid communications such as fax ma-

chines and international telephone lines, personal computers, secretarial and translation services, photocopying and rooms for meetings and work. Most also offer executive floors, which create an intimate atmosphere with private lounges, special staff and oversized rooms equipped with direct faxes and other amenities.

The Grand Hyatt Erawan, where an estimated 80 percent of the guests are business travelers, offers a 17th-floor Club Lounge with a separate check-in desk, free coffee and tea all day and a 24-hour concierge team as well as a fully equipped business center. The Dusit Thani has a whole floor for business guests, with an executive business center, a special lounge and three-room suites with conference rooms that can accom-

Continued on page IV



Thailand launched its second satellite in October and now has its own telecom system.

Photos, clockwise from top: Don Muang International Airport, dynamic Bangkok, an auto assembly plant, shopping in a Bangkok department store.

"THAILAND: HUB OF ASIA" was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITER: William Warren is a longtime resident of Thailand and author of "Thai Style" and "Thailand the Beautiful Cookbook." PROGRAM DIRECTOR: Bill Mahder.

50
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years

ALL MANNER OF CONVENTION FACILITIES

In 1992, when the International Monetary Fund and World Bank elected to hold a major conference in Bangkok, the first plan was to hold it at a hotel that offered extensive convention facilities. On consideration, however, the Thai Ministry of Finance decided an even more spacious and centrally located venue was required, and set about building a brand-new center, complete with the most modern equipment available.

The result, completed in record time, was the Queen Sirikit National Convention Center, now Bangkok's most popular facility. The center has been the site of dozens of conventions, trade fairs and assorted exhibitions. Nearly 50 are scheduled for 1995, ranging from boat shows to a meeting on environmental matters.

The ESCAP center
An even newer but equally comprehensive facility is the multimillion-dollar marble-clad conference center built for the Economic and Social Commission for Asia and the Pacific (ESCAP), attached to the United Nations building. Originally intend-

ed for ESCAP gatherings, the center can now be leased by outside private groups that want to take advantage of its unusual array of amenities. These include spacious exhibition areas, numerous conference rooms, state-of-the-art audiovisual equipment, a restaurant operated by an outside hotel, lush tropical gardens for relaxation and the latest in security devices. Most of the major hotels are also well-equipped for holding conferences on a lesser scale, offering a wide range of options.

In or out of town
These and similar facilities, plus the city's superb hotel accommodations and other attractions, have made Bangkok a popular place with convention organizers. Already scheduled for 1996 are conferences of the Pacific Area Travel Association, the Universal Federation of Travel Agents Association and the Asian Regional Chapters of Rotary International.

Thanks to an excellent highway system and easy connections by air, many provincial areas are becoming increasingly popular with groups that want to combine serious business

with relaxation. Between Nov. 4 and Dec. 16 of next year, to cite one example, the Thai government is hosting Worldtech 95, an international exhibition of agricultural and industrial technology, in Nakhon Ratchasima, the fastest-growing

other hotels in the northern city offer both high-quality meeting facilities and an opportunity to explore one of Thailand's most popular provincial destinations. Pattaya, on the east coast of the Gulf of Thailand, has long been internationally



Bangkok's major hotels offer meeting rooms, banquet halls and multimedia facilities as well as luxurious ambience.



Sampling local color includes spicy Thai cuisine.

province of the northeast. The event, expected to attract more than 200 companies from 30 countries, will be held at a modern new facility called the Technopolis, located on the campus of the Suranaree University of Technology, and will introduce participants to a relatively little-known region now regarded as the gateway to Indochina.

Already well-established as a popular convention site is the Rose Garden, about an hour's drive southwest of Bangkok, where delegates can stay in either modern or traditional-style bouses.

Mountains and beaches
In Chiang Mai, the large new Wesun Hotel overlooking the Ping River was the venue for a recent conference of ASEAN economic ministers. This and several

renowned among travelers in search of sun and a lively atmosphere.

Several hotels, such as the luxurious Royal Cliff, the Royal Garden and the Siam Bayshore, have become self-contained mini-resorts with a full range of conference facilities and amenities, all available within the same compound.

The southern island of Phuket is becoming equally popular as a meeting site. The Meridian, which boasts its own perfect crescent of white-sand beach, has a spacious conference hall, several smaller meeting rooms and, with 464 rooms, the capacity to hold a large-scale assembly. The Laguna Phuket, an integrated resort complex convenient to the island's international airport, contains five hotels, golf courses and a health spa.

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* Royal Grand Palace and The Emerald Buddha Temple*, Bangkok

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50th Anniversary

THAI AIRWAYS INTERNATIONAL SOARS AHEAD

A top-notch fleet, highest-standard services and a new alliance are Thai Airways International's key assets. A substantial part of the credit for Thailand's emergence as a leading business gateway to Asia belongs to the airline. With over 30 years of experience and countless innovations that have transformed air

travel not only regionally but worldwide, the airline is currently developing on a variety of fronts to become a truly global carrier and offer even more advantages to travelers.

THAI's present fleet has been carefully selected for suitability on various routes. It includes such technologically advanced planes as 15 B-747s, of which seven are

the latest-model B-747-400s, as well as 10 B-737s, four MD-11s, three DC-10s, 26 Airbus and smaller craft for certain domestic destinations. The average age of these is 5.6 years — among the youngest in the airline industry.

Constant fleet upgrades
New aircraft are constantly being added to keep the fleet competitive with those of other major world carriers. Now on order, for example, are five more 747-400s and eight of the new 777s, the latest of Boeing's super-sophisticated international aircraft. Another 12 Airbus are also being ordered, eight of them the new A-330-300s, scheduled to join the fleet in early 1995.

THAI now flies to 72 destinations in 36 countries. Of these, 21 are within Thailand and 31 are elsewhere in Asia, more than any other airline and one of the factors that have made Bangkok a major hub for business travelers in the region. During the fiscal year 1992-93, 10.21 million passengers flew on THAI, passing the 10 million mark for the first time and representing an 18 percent increase over the

previous year. THAI also ranks among the world's top 20 cargo carriers, having transported more than 419,000 tons of air cargo in 1992-93.

THAI's maintenance operations at Bangkok's Don Mueang International Airport are some of the most modern in Asia, with a staff of 3,900 highly qualified engineers, technicians, mechanics and other specialists, while its catering division is one of Asia's largest commercial organizations of its kind.

Service and sensitivity to the specific needs of travelers are areas in which THAI has been a pacesetter since its earliest days. From such relatively small touches as the fresh orchid presented to female passengers on international flights and imaginative meals to more practical considerations like reliability and regular upgrading of facilities, the airline has created an image widely admired (and imitated) in the industry.

What the polls say
This is also reflected in numerous passenger surveys. One of the latest, conducted by a leading newsmagazine,

ranked THAI among the top four airlines preferred for travel within Asia. Another, a Business Traveler Asia-Pacific poll, ranked it among the top six choices as "favorite airline for business."

Packages made to order
Special programs launched by THAI have helped consolidate this image. Royal Orchid Holidays, for example, started in 1969, gives customers the freedom of choice associated with individual plans combined with the cost-saving advantages usually found only in group package tours.

The choice varies from brief stopovers to all the chief destinations served by the airline to more comprehensive tours that include an entire region and that cater to special interests.

Another notable success has been Royal Orchid Plus, THAI's frequent-flyer program, which was launched last year and already has 250,000 members. As in the case of Royal Orchid Holidays, this includes a number of innovations that make it different from the programs being offered by other airlines. Members earn mileage on all three classes of travel,



for example, and on both international and domestic flights. The rewards are not limited to air travel but also include unusual Experience Awards such as a golf game at a country club in Phuket, an Andaman Sea cruise aboard a luxury junk and even a full course of Thai cooking lessons at the Oriental Hotel.

Lufthansa alliance

The latest step toward offering greater benefits to travelers is an agreement signed between THAI and Lufthansa, which will come into effect next year. This will result in code-sharing on flights, thus making possible smooth transfers between the two carriers, a reduction in travel time for passengers, a greater variety of flights, sharing of lounges and terminal facilities and merging of the airlines' frequent-flyer programs beginning in February 1995. Both

THAI is constantly upgrading its fleet as well as its service—including fresh orchids on the house.

airlines have also signed agreements with United Airlines undertaking similar co-operation.

On the signing of the Lufthansa agreement, THAI president Thamnoon Wanglee said: "Air travel in the future will become cheaper, as we do not have to fly everywhere due to the alliance. It will lead to savings on the cost side, as Lufthansa will take care of European destinations, United of North American stops and THAI of Asian destinations." Through such constant improvements in the already-extensive benefits it offers air travelers, THAI is steadily strengthening its position as an airline leader and a powerful force in Asia's booming business world.



CELEBRATING
THAI'S 35th
ANNIVERSARY

HOME GROWN FRUITS, SILK, GEMS AND CERAMICS BRING IN FOREIGN EXCHANGE

Nothing better illustrates Thailand's remarkable economic development over the past decade or so than its booming export industries.

From being heavily dependent on agricultural commodities as a source of foreign exchange — in 1960, less than 3 percent of its exports were manufactured products — the country moved to a position where by 1990 almost 70 percent of its exported goods were produced in factories employing the latest modern technology and quality control. In some categories, such as processed foods and gems and jewelry, it now ranks at or near the top of world suppliers.

Market basket of products
Many exports are still based on agriculture, but in a very different form from

those of the past, when Thailand relied on rice — for over a century the single largest earner of foreign exchange — and other such traditional crops as sugar cane, cassava and maize. Today, the country has become an agro-industrial leader, combining its natural abundance with state-of-the-art production facilities to produce a wide range of food products.

Canned, preserved and frozen seafood, for example, now constitutes a major category of export products. Some are made with local products, while others are imported for processing in Thai factories. These include canned tuna, sardines, baby clams, crabmeat, Pacific salmon, quick-frozen mackerel, sea bass, prawns and rock lobster. The importance of this category is reflected in 1993 exports of canned tuna alone: some 200,000 metric tons, valued at 11.35 billion baht.



All silk for the costumes in "The King and I" came from one small village in Nakhon Ratchasima province.

Not too long ago, most people associated pineapples almost exclusively with Hawaii. The last Hawaiian plantation closed down several years ago, however, and today the canned pineapple slices and juice found on the world's kitchen shelves are more than likely to have been processed in Thailand. In 1992, an estimated 470,000 tons of canned pineapple and 80,000 tons of juice were exported, with Japan and the United States representing the principal markets.

The demand for other products of Thailand's fields and orchards is growing as well. Such fruits as rambutan, litchi, mango, jackfruit and grapes are being canned on a large scale, while vegetables include various kinds of mushrooms, bamboo shoots, baby corn, asparagus and tomato products.

The poultry sector, one of the outstanding achievements of the current

Thai agro-industry, now operates on an enormous scale, its major export products being fresh and frozen chicken and duck meat as well as eggs.

Native materials and crafts

Thailand has long been noted for its distinctive crafts. Many popular exports fall into this category, among them artificial flowers made from both natural and synthetic materials, imaginatively designed toys, furniture and handwoven silk and cotton.

Thai ceramic products, with a long and illustrious history going back more than seven centuries to the first capital, Sukhothai, are now the basis of an export industry that amounts to more than 3.5 billion baht a year.

Precious stones

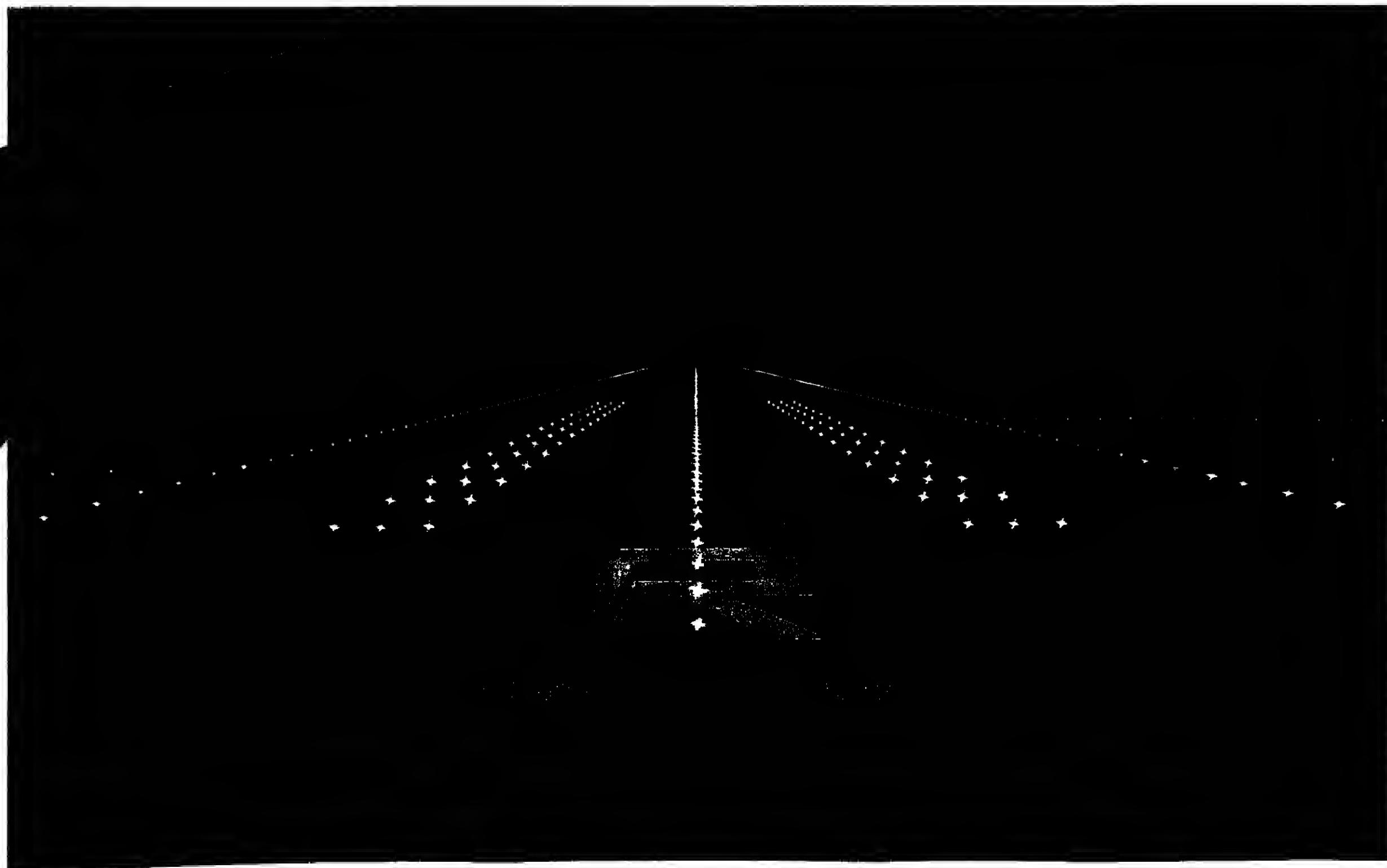
If one had to select a single example to illustrate the initiative and marketing


skills that characterize the Thai export scene, a good choice would be the gems and jewelry industry, which has zoomed from being almost nonexistent to a position of world leadership.

In 1976, the Thai Gem and Jewelry Traders Association was formed to encourage gem exports and raise the quality of locally made jewelry. The number of skilled gem cutters consequently grew remarkably, from only a few hundred in the 1950s to a present force of around 100,000.

As a result, gem and jewelry exports now rank as one of the country's major foreign-exchange earners. Between 1988 and 1992, export values of the two rose from approximately 25 billion baht to 45 billion baht; many experts in the trade believe the figure will reach 100 billion baht within the next five years. Thailand is the second-largest exporter of cut gems after India.

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SPONSORED SECTION

MAJOR FESTIVALS OF THE YEAR

Some of the most colorful and exciting festivals in Thailand are celebrated throughout the year. Since Thailand is a public holiday, it is not unusual for business meetings and other activities to be postponed. The following will be celebrated during the coming year.

New Year's

Dec. 31-Jan. 1

This is enjoyed with as much gusto in Thailand as anywhere else, with parties and present giving. A special treat this year will be the inaugural ceremonies launching a two-year celebration of His Majesty the King's Golden Jubilee, held at Sanam Luang near the Grand Palace on the evening of Jan. 1, with marching military bands, classical dance performances and fireworks displays. A series of similar events will be held in every provincial capital on the same night.

Chiang Mai Flower Festival

Feb. 3-5

The north is notable for its rich variety of flowering plants, particularly the temperate-zone specimens that are at their best during this cool month. Spectacular floral floats are a memorable feature of the three-day festival held in Chiang Mai, along with its attendant flower displays, handicraft sales and beauty contests.

Songkran

April 12-14

The traditional Thai New Year is celebrated in every city and village on this occasion, a blend of solemn religious ceremonies and public festivities. Revered Buddha images and respected elders are ritually sprinkled with lustral water during the religious ceremonies. The rest of the time, almost anyone on the street is liable to get a thorough soaking, all in a spirit of good-natured fun.

Yasothon Bun Bang Fai Rocket Festival

May

For this annual festival, held in Yasothon, northeastern villagers fashion rockets of all kinds, some several meters long, the launching of which is believed to ensure plentiful rains in the coming rice-planting season. High-spirited revelry accompanies the event, along with beauty parades, folk dancing and stage shows.

Candle Festival

July 11-12

The commencement of the Buddhist Rains Retreat (known in Thai as Khao Phansa) is observed in the northeastern city of Udon Ratchaburi with this lovely festival, which displays artistic skills as well as piety. Beautifully carved candles, some of them up to several meters tall, are exhibited in colorful parades before being presented to local temples.

Loy Krathong

Mid-November

Pattaya, the loveliest of all Thai festivals, this one honors the water spirits who play such a significant role in the nation's life. Small banana leaf boats in the shape of lotus blossoms, adorned with flowers, candles and incense sticks, are set afloat on waterways throughout the kingdom in a haunting spectacle that is held under the light of a full moon.

His Majesty the King's Birthday

Dec. 5

On this day, the great respect all Thais feel for their monarch is reflected in the elaborate decorations that adorn public and private buildings. A birthday festival is held near the Grand Palace, which is illuminated for the occasion.

Ayutthaya World Heritage Site

Dec. 13-17

Held in the Ayutthaya Historical Park, this festival celebrates the glories of the ancient city, designated as a World Heritage Site by UNESCO in 1991. The event features historical exhibitions, traditional cultural performances and light presentations at the city's ruins.

REFRESHING GETAWAY BREAKS — INCLUDING AN ECLIPSE

Even the hardest-working businessperson or convention delegate needs a break now and again. Thailand offers as many enjoyable ways to relax as any country in the region. These cover a broad spectrum, from familiar sports in unusual settings to one-of-a-kind experiences with a truly exotic appeal.

There is golf, for instance, which was taken up enthusiastically by Thais back in the early years of the century, when the first links were laid out at the Royal Bangkok Sports Club. In the 1920s, a far more ambitious course, described as "second to none east of Suez," was built at the seaside resort of Hua Hin on the Gulf of Thailand, linked to the capital by railroad.

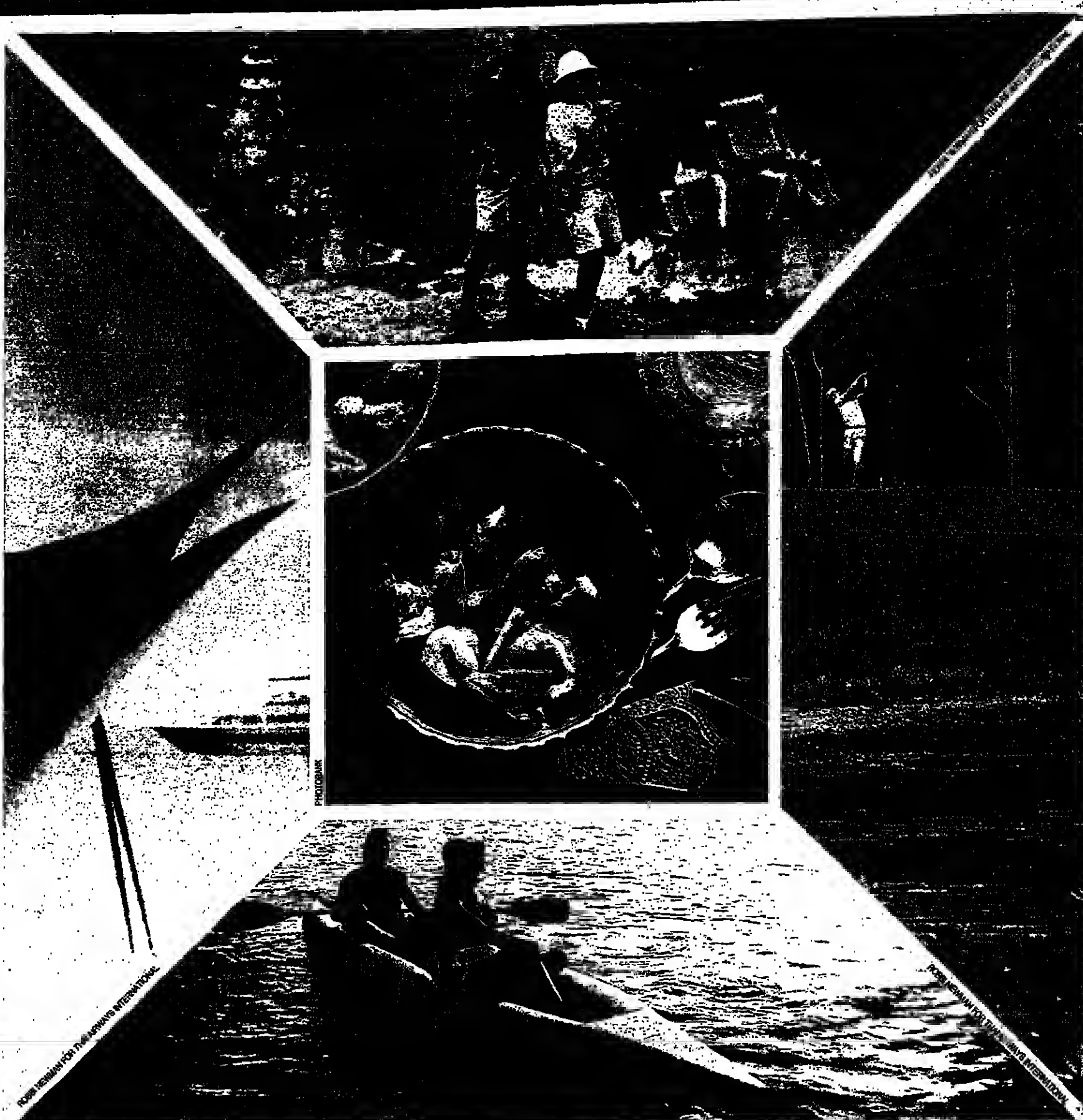
Tournament golf courses
Today, there are nearly a hundred courses throughout the country, several of them designed by such international experts as Robert Trent Jones and Robert McFarland, and many a local business deal is consummated on the greens or in a well-appointed clubhouse. Some of the best, not surprisingly, are in the Bangkok area; Navatane, for example, was the site of the 1975 World Cup Tournament, while the Rose Garden, southwest of the city, was awarded a silver medal by Golf Magazine in 1989 as one of the finest golf resorts in the world.

Other top-class facilities are located outside the capital near popular travel destinations. The Siam Country Club and the Bang Phra Golf Course are both convenient to the beach resort of Pattaya, while the Lanna Golf Club in Chiang Mai has a spectacular setting at the foot of Doi Suthep Mountain. Phuket has been the scene of considerable development in recent years; the Johnny Walker Swing Tournament was held last year at the 18-hole Blue Canyon Country Club, which Gary Player pronounced "as good as any I have played on anywhere in the world." Other outstanding courses on the island include the Banyan Tree Club and the Phuket Country Club.

Eastern and Oriental Express

For those with a little extra time to spare, there are more unusual diversions. It is possible, for instance, to sample the luxurious comforts of the new Eastern and Oriental Express without going all the way to Singapore on its regular run; during the train's overnight layover in Thailand, it makes a special excursion to the famous Bridge over the River Kwai and then to the ancient capital of Ayutthaya, returning at noon.

One can also take a romantic cruise on a traditional all-teak rice barge from Bangkok up the Chao Phraya River,



Clockwise from top: discovering one of Thailand's 27,000 temples; golfing near Bangkok; sea canoeing; sport fishing; and (center) memorable food.

staying either one or two nights on board. The barges have air-conditioned cabins with baths, plus a crew to serve drinks and meals on deck, and they visit such riverside sights as the Bang Pa-in Summer Palace and Ayutthaya.

Using Phuket as a base, other cruises are available on a variety of crafts. These range from multipassenger liners to Chinese junks and chartered live-aboard yachts that can be used for deep-sea fishing or to explore scenic attractions like Phang Nga Bay, where hundreds of limestone islands rise dramatically from the sea, and the more remote Similan Islands, famous for their superb scuba diving. Also popular with a growing number of ecology-minded travelers is the sport of sea canoeing; several companies in Phuket

and nearby Krabi offer trips through spectacular marine scenery that includes a number of magical caves accessible only by boat.

Mountain nature treks

Up north, from either Chiang Mai or Chiang Rai, adventurous excursions can be made into the surrounding countryside. One of the most popular is an elephant ride through the jungle, supervised by skilled attendants and lasting anywhere from a few hours to a full day. In addition, there are assorted treks available along scenic mountain trails into the region where Thailand borders Burma and Laos, and where colorful tribal groups make their home.

Throughout the country, more than 50 areas have been designated as na-

tional parks, most of them ideal for pursuits like hiking and wildlife viewing. Khao Yai National Park, only a few hours by car from Bangkok and selected as an ASEAN Natural Heritage Site, offers over 300 migrant and resident species for the dedicated bird-watcher, while Huai Kha Khaeng in the north, added to the list of World Heritage Sites in 1991, has even more bird varieties.

There are miles of alluring, white-sand beaches at such resorts as Pattaya and Hua Hin on the gulf and Phuket on the Andaman Sea. Some might prefer a few days of being pampered in a luxurious spa, two of which have opened outside Bangkok in recent months. Chiva-Som is located on the beach at Hua Hin and has both Thai and West-

ern-style pavilions, health-food restaurants and a staff trained in a wide range of health and beauty treatments. Another, part of the integrated Laguna Phuket resort, is the Banyan Tree Luxury Spa, with four private spa pavilions, six different types of massage and a selection of therapeutic body wraps.

Total solar eclipse

Visitors fortunate enough to be in the country next year on Oct. 24 can look forward to a most unusual sort of get-away diversion: a rare total solar eclipse, the fifth of its kind Thailand has seen in the past 125 years. The phenomenon will commence around 9 A.M., and totality will cover Tak, Nakhon Ratchasima and Sa Kaeo provinces.

KEEPING THE ENTIRE FAMILY AMUSED

Can a business trip be combined with a family holiday? As far as Thailand is concerned, the answer is definitely affirmative, for the country offers a broad selection of activities and attractions to suit all age levels.

If the family includes a cook eager to add some unusual dishes to his or her repertoire, the venerable Oriental Hotel offers a five-day course in the art of Thai cuisine. Hands-on classes are held each morning in an atmospheric location across the river, and by the end students have not only learned all about the basic ingredients, but also mastered the skills needed to produce everything from snacks like spicy meatballs wrapped in crisp golden noodles to subtly flavored curries and sweets.

Thai traditions

The Oriental also has a comprehensive afternoon course in Thai culture, which covers such topics as art, Buddhism,

theater and social traditions, and includes several river trips to places of historic interest.

The classic arts of Thailand can best be seen and appreciated at one of several museums and private collections open to the public. Among the most prominent are the National Museum, one of the largest in Southeast Asia; Vivam Mek, an 81-room palace built of golden teak and restored by Her Majesty Queen Sirikit; Suan Pakkad Palace, the former residence of a royal prince, which displays a large collection of art and personal belongings; and the Jim Thompson house, the traditional Thai-style home of the American who revived the Thai silk industry.

Toyland and theme parks

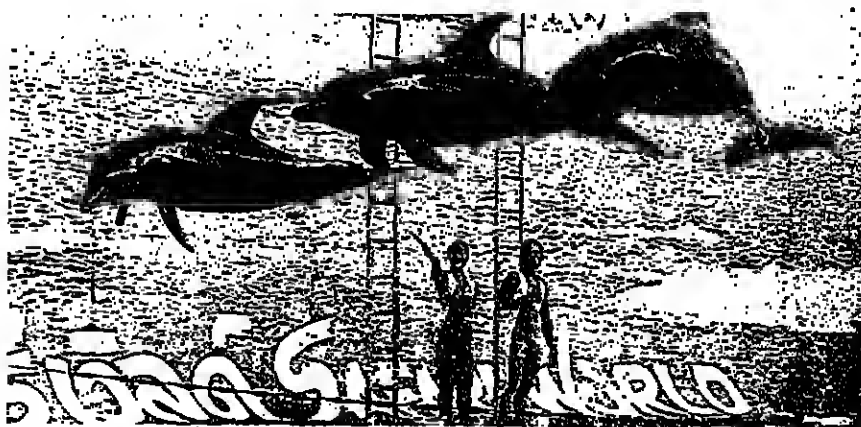
Younger children are not limited to the hotel swimming pool for amusement. Several of Bangkok's leading department stores, such as Central, Sogo and Robinson's, have entire floors devoted to keeping them happy, with electronic games, merry-go-rounds, bumper cars

and magic shows; the Mall Shopping Center on Ramkhamhaeng Road even has an indoor ice-skating rink.

In addition, a number of theme parks are located in or conveniently close to the capital. Magic Land and Dream World both feature Ferris wheels, roller coasters and other rides, as well as special shows and exhibitions for children. Siam Water Park has a lake with beaches and man-made waves, a river flow-pool and several exciting water slides, while Safari World has a large selection of wild animals such as lions, tigers and elephants in natural surroundings and another area devoted to marine creatures.

Thailand in miniature

Young and old alike will enjoy the Ancient City, about an hour's drive from Bangkok, which offers a mini-tour of historic Thailand on a 200-acre site laid out like a map of the country: some of the structures are scale replicas, while others, such as a traditional village on water, are original buildings carefully



The marine show at Safari World, where lions, tigers and elephants can also be seen in natural settings.

moved and reconstructed. Not far away is Crocodile Farm, allegedly the largest of its kind in the world, where a regular show is given daily by fearless employees. Elephant rides are also available.

Other treats for the young can be found in popular provincial destinations. Just outside Chiang Mai, for example, in the beautiful Mae Sa Valley, elephants demonstrate their skills at log-pulling and are available for rides

through the forest. On the same road, there are butterfly farms and dazzling orchid nurseries.

Convenient to the seaside resort of Pattaya are two extensive pleasure parks: Ocean World has huge tanks teeming with dolphins, sharks and brightly colored coral, while Pattaya Park offers visitors a water theme with exciting slides, flumes and swimming facilities.

HOTELS THAT MAKE THE BUSINESS TRAVELER'S LIFE EASIER

Continued from page 1

modate a meeting of eight people. The Landmark, one of the first aimed specifically at business guests, offers a 24-hour center, a 30-page electronic directory of local business contacts and access to the hotel's mainframe computer to send faxes and telexes.

Some provide outside assistance as well. The Regent, for instance, can furnish an eight-passenger minibus with driver, car phone and fax for executives who want to get around Bangkok on site-inspection trips.

When work is over

When not at work, visiting executives can find relief from stress in a variety of healthful ways on the premises. At the Hilton International, they can work out at a Clark Hatch Physical Fitness Center, play squash or tennis, or jog

along the winding pathways of the hotel's extensive tropical garden. The Regent, the Dusit Thani, the Shangri-La, the Grand Hyatt Erawan and most others have similar health centers.

Perhaps the ultimate in such facilities is the Oriental's recently opened \$4.5-million health spa across the Chao Phraya River from the hotel. Here, in sumptuously decorated surroundings, a newly arrived executive can be soothed with a special jet-lag treatment, relax in a Thai herbal bath or get a traditional massage. Another alluring feature is a menu composed of "spa food," low in calories but given a special zing by Thai chefs.

A water taxi, please

Time is valuable to most business travelers, and Bangkok's traffic often conspires to waste a good deal of it. With this in mind, three of the leading river-

side hotels — the Oriental, the Shangri-La and the Royal Orchid Sheraton — recently inaugurated a joint water-taxi service to ferry guests up the Chao Phraya to Don Muang Airport. Another property on the river, the Marriott Royal Garden Riverside Hotel, has its own 40-passenger waterjet-powered catamaran to make the trip available to outsiders as well as guests.

For those of its guests who are really in a hurry to catch a flight, the Shangri-La has a helicopter service that takes off from the rooftop and makes the trip in just eight minutes.

Videoconferencing links

The Thai government is also taking steps to facilitate business activities for visitors. One of the latest, just launched by the Communications Authority of Thailand, is a videoconferencing service linked with 13 countries, six in

Asia and the rest in Europe. More countries will eventually be added to the link, which provides live motion pictures, voice and data transmission. Those clients whose communications circuits are linked with CAT can have the video service set up in their own offices.

Another official service is aimed at the many foreign businesspeople who want to set up contacts with Thai manufacturers and thus participate in the country's booming export industry. The Department of Export Promotion (DEP), under the Ministry of Commerce, was set up specifically to meet such needs, as well as to promote Thai-made goods abroad.

Showcasing Thai goods

The DEP has a number of trade centers in capitals abroad, and also works through the commercial counselor's of-

fices attached to Royal Thai Embassies. Its Bangkok headquarters, convenient to the airport on Rachadapisek Road, contains permanent exhibition halls displaying quality Thai products from some 200 leading manufacturers and exporters. In addition, it stages frequent trade shows — nine in 1994 — devoted to such products as gems and jewelry, ready-to-wear clothes and fashion accessories, leather goods, crafts, gift items and household products.

The DEP not only helps prospective importers to identify trade opportunities, but also assists in other ways by arranging hotel accommodations and transportation, scheduling meetings and factory visits with potential suppliers and providing offices with those indispensable standard business facilities such as telephone, fax and photocopying — all free of charge.

Bloomberg Business News

Mr. Dormann said Hoechst wanted to grow through acquiring companies in pharmaceutical, generic-drug and diagnostic areas.

was "no truth" to recent speculation in the German press that Hoechst might be interested in acquiring Metallgesellschaft AG, the troubled metals and mining conglomerate.

Reuters

Kaufhof said weak consumer spending noticed in the first nine months of the year was continuing in the fourth quarter. "We must presume that

He said at a shareholders' meeting the causes were worsening conditions on financial markets and an unexpected rise in international rates.

Blomberg Business News

As analysts see it, Mr. Blanc has not made the dramatic moves expected from an airline that posted a loss of 8.5 billion francs in 1993 but expects to break even before 1997.

Air France also has not joined other airlines in offering low-cost, low-frills service on

Bloomberg Business News

The referral to the Monopolies and Mergers Commission,

Very briefly:

• **CS Holding**, the Swiss financial services group, plans to abolish its two-tier share structure, replacing it with a single class of registered shares and lifting all voting restrictions.

Continued from Page 9

Japan: "Long-term deflation will continue because no one in

Mexico: Mr. Zonis predicted

continue in the post-Communist world, and rivalries between France and the rest will increase as nationalism resurfaces because of the disappearance of a common enemy. The United

managable ideas will be discredited. The result will be greater instability in 1995 and an effort to create new parties based on ideologies appropriate to the world after the Cold War."

Compiled by Our Staff From December

King Fahd announced the cut in a speech carried Friday by the official Saudi news agency. The details are to be included in the 1995 budget, which will be published later this month.

But King Fahd stated, "The Saudi economy is not unstable. Our currency is 100 percent guaranteed, and our reserves are secure." (AFP, AFX)

Friday's Closing

12 Month High Low Stock Div Yld PE Stb 100s High Low Latest Ctrge

1. The first part of the document is a list of names and their corresponding numbers. The names are written in a cursive script, and the numbers are written in a simple, bold font. The list is organized into two columns, with the names on the left and the numbers on the right.

Name	Number
John Smith	1
James Brown	2
Robert Johnson	3
William Davis	4
Thomas Wilson	5
Charles Taylor	6
Richard White	7
Henry Black	8
George Green	9
Edward King	10
Thomas King	11
James King	12
Robert King	13
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11 Month High Low Stock													Div	Yld	PE	Stk	High	Low	Latest	Chg

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Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month								
Feb. 1986-Early	Dy.	%d	R/E	\$%	High	Low	rated	Crt's

[illegible]

Year	Age	Sex	Height	Weight	Measurements	Remarks
1932	10	M	132	25	140	...
1933	11	M	135	28	145	...
1934	12	M	138	30	150	...
1935	13	M	140	32	155	...
1936	14	M	142	35	160	...
1937	15	M	145	38	165	...
1938	16	M	148	40	170	...
1939	17	M	150	42	175	...
1940	18	M	152	45	180	...
1941	19	M	155	48	185	...
1942	20	M	158	50	190	...
1943	21	M	160	52	195	...
1944	22	M	162	55	200	...
1945	23	M	165	58	205	...
1946	24	M	168	60	210	...
1947	25	M	170	62	215	...
1948	26	M	172	65	220	...
1949	27	M	175	68	225	...
1950	28	M	178	70	230	...
1951	29	M	180	72	235	...
1952	30	M	182	75	240	...
1953	31	M	185	78	245	...
1954	32	M	188	80	250	...
1955	33	M	190	82	255	...
1956	34	M	192	85	260	...
1957	35	M	195	88	265	...
1958	36	M	198	90	270	...
1959	37	M	200	92	275	...
1960	38	M	202	95	280	...
1961	39	M	205	98	285	...
1962	40	M	208	100	290	...
1963	41	M	210	102	295	...
1964	42	M	212	105	300	...
1965	43	M	215	108	305	...
1966	44	M	218	110	310	...
1967	45	M	220	112	315	...
1968	46	M	222	115	320	...
1969	47	M	225	118	325	...
1970	48	M	228	120	330	...
1971	49	M	230	122	335	...
1972	50	M	232	125	340	...
1973	51	M	235	128	345	...
1974	52	M	238	130	350	...
1975	53	M	240	132	355	...
1976	54	M	242	135	360	...
1977	55	M	245	138	365	...
1978	56	M	248	140	370	...
1979	57	M	250	142	375	...
1980	58	M	252	145	380	...
1981	59	M	255	148	385	...
1982	60	M	258	150	390	...
1983	61	M	260	152	395	...
1984	62	M	262	155	400	...
1985	63	M	265	158	405	...
1986	64	M	268	160	410	...
1987	65	M	270	162	415	...
1988	66	M	272	165	420	...
1989	67	M	275	168	425	...
1990	68	M	278	170	430	...
1991	69	M	280	172	435	...
1992	70	M	282	175	440	...
1993	71	M	285	178	445	...
1994	72	M	288	180	450	...
1995	73	M	290	182	455	...
1996	74	M	292	185	460	...
1997	75	M	295	188	465	...
1998	76	M	298	190	470	...
1999	77	M	300	192	475	...
2000	78	M	302	195	480	...
2001	79	M	305	198	485	...
2002	80	M	308	200	490	...
2003	81	M	310	202	495	...
2004	82	M	312	205	500	...
2005	83	M	315	208	505	...
2006	84	M	318	210	510	...
2007	85	M	320	212	515	...
2008	86	M	322	215	520	...
2009	87	M	325	218	525	...
2010	88	M	328	220	530	...
2011	89	M	330	222	535	...
2012	90	M	332	225	540	...
2013	91	M	335	228	545	...
2014	92	M	338	230	550	...
2015	93	M	340	232	555	...
2016	94	M	342	235	560	...
2017	95	M	345	238	565	...
2018	96	M	348	240	570	...
2019	97	M	350	242	575	...
2020	98	M	352	245	580	...
2021	99	M	355	248	585	...
2022	100	M	358	250	590	...

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(The page contains extremely faint, illegible text.)

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1. The first part of the document is a letter from the President of the United States to the Congress, dated January 1, 1861. It is a formal address, and it begins with the words "My Countrymen," and "I have the honor to acknowledge the receipt of your letter of the 27th inst., and in reply to inform you that the same has been forwarded to the proper authorities for their consideration."

[illegible][illegible]

The following is a list of the names of the persons who have been appointed to the various offices of the State of New York, for the year 1880, as provided for by the Constitution of the State, and the laws relating thereto.

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THE MONEY REPORT

FIRST COLUMN

Turbulent Skies for Investors

MAKING money in the aviation industry, whether it's by carrying passengers, manufacturing commercial or military aircraft, or servicing those two sectors, seems an increasingly daunting endeavor.

In commercial aviation, for example, profitability depends largely on sustained, healthy demand, itself a function of economic conditions over which airlines have no control. Granted, one could say the same thing about many industries. But airlines are also faced with another omnipresent wild card — the price of jet fuel. When it goes up, losses tend to mount.

Deregulation, moreover, while resulting in lower fares for travelers, has also taken its toll on earnings. In the United States, an "open skies" policy has led to fare wars that have chopped profit margins to the bone and led to massive cost-cutting programs directed chiefly at labor. Much of the same could happen, although some analysts deny it, in the European Union over the next few years, as carriers prepare for greatly increased deregulation that will take effect on April 1, 1997.

All in all, global airlines have lost more than \$15 billion over the past four years. Competition is no less intense in the U.S. defense sector where, since 1990, the government's budget for military hardware (which includes warplanes) has shrunk by over 40 percent and defense contractors have eliminated over 700,000 jobs. Mergers and cost-cutting are the orders of the day and, again, as profit margins have been slashed, so have earnings.

Some financial analysts are forecasting a return to profitability for some commercial carriers in 1995, as well as for some defense contractors. Their argument is that the effects of streamlining are taking hold and that leaner, meaner companies are emerging.

That may be, but many indicators show that appreciable profits will take longer to show up, perhaps until 1997. Therefore, when listening to this optimistic hypothesis, bring along a 747-sized dose of skepticism.

Will the Recovery Leave U.S. Airlines Stalled on the Runway?

By Christine Stopp

THIS WEEK, at the dawn of the most frenetic time of year for air travel in the United States, the major U.S. carrier Delta Air Lines Inc. announced fare reductions of up to 45 percent on selected routes for travel during the holiday season. Other major U.S. airlines matched the fares.

Such a development raises a fundamental question for investors: Can an industry that agrees to slash its profit margins during a season when, historically, demand has often outweighed supply, be any place to put one's money? The answers from analysts are varied. Some say that streamlining by the airlines should result in earnings growth fairly soon, while others warn that any sustained upturn for the industry is not yet upon the horizon.

To be sure, the U.S. airline sector has not taken wing along with the overall economic recovery in the States. Standard & Poor's airline index, a weighted average comprised of four major carriers — AMR Corp., which operates American Airlines, Delta, Southwest Airlines Co. and USAir Group Inc. — has fallen nearly 30 percent this year. The Dow Jones industrial average, by contrast, has lost less than 1 percent.

The story is one of chronic overcapacity, structural problems and, clearly, bitter fare wars, all of which have led to major cost-cutting programs. For example, American Airlines announced a plan earlier this month to cut about 550 more jobs, primarily from service and maintenance positions, in its ongoing efforts to slash its labor expenses. Since the beginning of last year, American has eliminated about 5,700 full-time positions, including over 600 furloughed pilots.

Delta, which has lost nearly \$2 billion since 1990, has declared its intentions to cut \$340 million a year in salaries for pilots, with whom it is embroiled in negotiations. And USAir is seeking to reduce labor costs by \$500 million annually. The litany goes on.

Glenn Engel, an airlines analyst at Goldman Sachs in New York, said that another way in which carriers are looking to reduce capacity and costs is by reducing their fleets of planes. One example, he said, is USAir, which announced last month that it planned to sell or lease 44 of its jets next year and use the proceeds to pay down its \$2.77 billion of long-term debt.

USAir has been plagued by safety prob-

lems in recent years, the latest incident having occurred in September when one of its Boeing 737 jets crashed near Pittsburgh, Pennsylvania. Industry observers say that USAir faces an extremely difficult challenge in trying to regain the confidence of the traveling public.

Mr. Engel is one analyst who, generally speaking, feels bullish on the U.S. airlines. "I think the sector will make some money this year," he said. "There will be a return to profitability. There has not been a lot of capital spending, so companies are generating cash flow and beginning the process of de-leveraging."

"It depends on whether you see the glass as half-full or half-empty," he continued. "If you believe in the long-term trend of airlines in line with the economy, you'll be bullish. But if you think we are in a new era where we will not see revenue growth in line with the economy, you will not be bullish."

Mr. Engel is recommending shares in AMR Corp., and thinks that Delta and UAL Corp., which runs United Airlines, will moderately outperform the market. He rates USAir and Southwest as average performers.

Candace Browning, an airline analyst at Merrill Lynch in New York, also likes AMR Corp., as well as Delta. But she downgraded Southwest to a "neutral" rating this week. "Southwest is an excellent company," she said. "But it's being assailed by competitors. The next six months to a year will be difficult."

Southwest, a low-cost, short-haul carrier whose entire fleet consists of Boeing 737s, has been the darling of travelers and investors alike over the past few years, turning in a stellar performance both from a profitability and customer-satisfaction standpoint. The company's profits, moreover, indicate that it surviving tough competition. In this year's third quarter, Southwest's profits rose 20 percent to \$58.6 million, or 40 cents a share, over the like period last year.

Paul Berlinguet, a portfolio manager at Baring Asset Management in Boston who follows airline shares, agreed that Southwest is well-run, but he said he would not recommend the shares for the next year or so because of the struggle with start-up competitors.

Mr. Berlinguet said that Delta and United should do well if their short-haul routes are passed successfully to regional carriers. He also feels positive about American, provided it reaches agreements in its labor negotiations. He was less sanguine on USAir.

Airline and Aerospace Stocks

Page 15
Circuitous routes to the sector
U.S. defense contractors
Asian Pacific carriers

Page 17
European airline shares

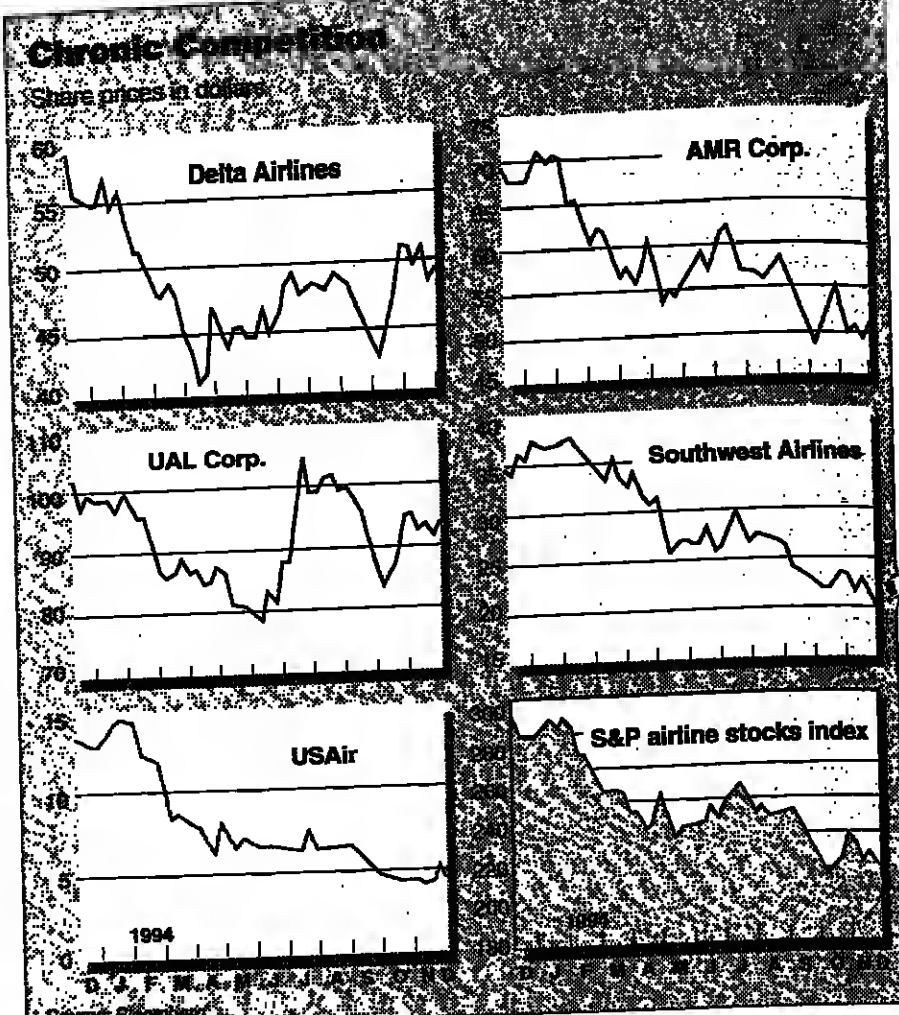
"Their cash position has always been a worry," he said. "And the recent problems over safety exacerbate this. On this stock, there is a risk going forward."

Regarding the sector as a whole, Mr. Berlinguet added: "It will be tough for the sector over the next year or two. Things will look up if they can reduce capacity, get good labor agreements, have stable fuel prices, and have some success at restructuring. It could be interesting long-term. There are signs of life three years out."

Derek Webb, a fund manager at GT Capital Management Inc. in San Francisco who follows airline stocks, said he likes two regional carriers, Utah-based Skywest Inc. and Atlanta-based Atlantic Southeast Airlines Inc., known as ASAL. On the sector overall, however, he is decidedly bearish.

"The economic environment looks good and the airlines have worked off some excess capacity," said Mr. Webb. "If the economy stayed robust, one day they would start making money. But at some point, the economy will turn down. Will they have worked off enough planes? Probably not."

There are simply too many planes and not enough people," he continued. "It is a poorly managed industry — in a sense, a pure commodity business. It will go nowhere."



Airport Companies: A Grounded Alternative

By Rupert Bruce

ONE alternative for investors seeking exposure to the aviation industry without shouldering the risks of relatively volatile airline stocks is buying shares in airport companies. These concerns earn their revenue from takeoff fees, retailing and property rents.

Three such quoted companies — British Airport Authority PLC, known as BAA, Copenhagen Lufthavn (Copenhagen Airports), and Flughafen Wien AG (Vienna Airport) — have all been privatized within the past eight years. To varying degrees, say industry observers, they have the attractive features sometimes associated with new privatizations, including a wide scope for cost cutting and little competition.

Jan Wild, a transport analyst at the British brokerage Barclays de Zoete Wedd, said he likes airport companies.

"We like the sector because of the relatively risk-free access to air transport and the tremendous potential for doing more with the spin-off commercial activities," he said.

If long-term growth in air traffic ultimately serves as a catalyst for share price increases for these companies, their future could be bright indeed, add other analysts. And traffic seems likely to grow substantially. According to the U.K. Civil Aviation Authority, global air traffic will double by the end of the decade. Such huge growth would translate into more fees from aircraft, more retailing and more property revenue for airport companies.

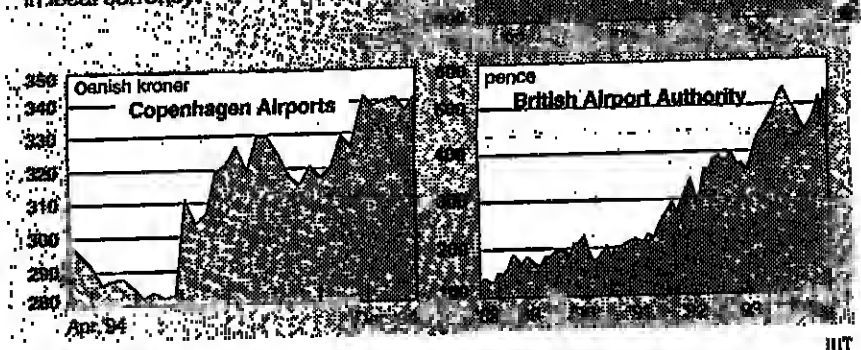
Since the government of former prime minister Margaret Thatcher sold off 97 percent of BAA shares in 1988, the shares have risen from 245 pence (\$3.82) to around 490 pence, with a one-for-one share split along the way. In other words, the shares are worth about four times what they were. This move has been propelled by solid earnings growth.

Since 1988, BAA's pre-tax profit from its airport portfolio of Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Aberdeen, and Southampton airports has almost doubled from £166 million to £322 million. Earnings per share for the company, which trades on the London Stock Exchange, have soared from 21 pence to 47 pence.

Encouraged by the success of the BAA privatization, the Danish and Austrian governments moved ahead with similar projects. The companies differ from BAA, however, in that each runs only one or two airports rather than a stable of them. Vienna Airport, which trades on the Vienna exchange, was privatized in 1992, when the government sold a 27

Success in the Private Sector

Airport company share price performance since privatization, in local currency



percent stake to the public. Copenhagen Airports, which trades on the Copenhagen exchange as well as on the SEAQ International Exchange in London, followed, selling a 25 percent stake to the public last April.

The shares of both have performed well. Vienna's shares are up from 335 Austrian schillings (\$30.31) at launch to around 475 schillings this week. Copenhagen's have also done well, rising from 310 Danish kroner (\$50.48) per share at launch to around 337 kroner this week.

Vienna's prospects are perhaps the best, say some analysts. Poised at a critical juncture between Eastern and Western Europe, its business should grow along with pan-European trade.

In addition, the fall of Cold War borders has enlarged the airport's potential passenger market. Vienna Airport estimates that the number of passengers using its facilities will grow by 8 percent to 7.7 million this year and will continue to climb by 8 percent annually until 2000. Part of the increase, the company says, will come from passengers who live in or plan to visit parts of the Czech Republic, Slovakia, and Hungary.

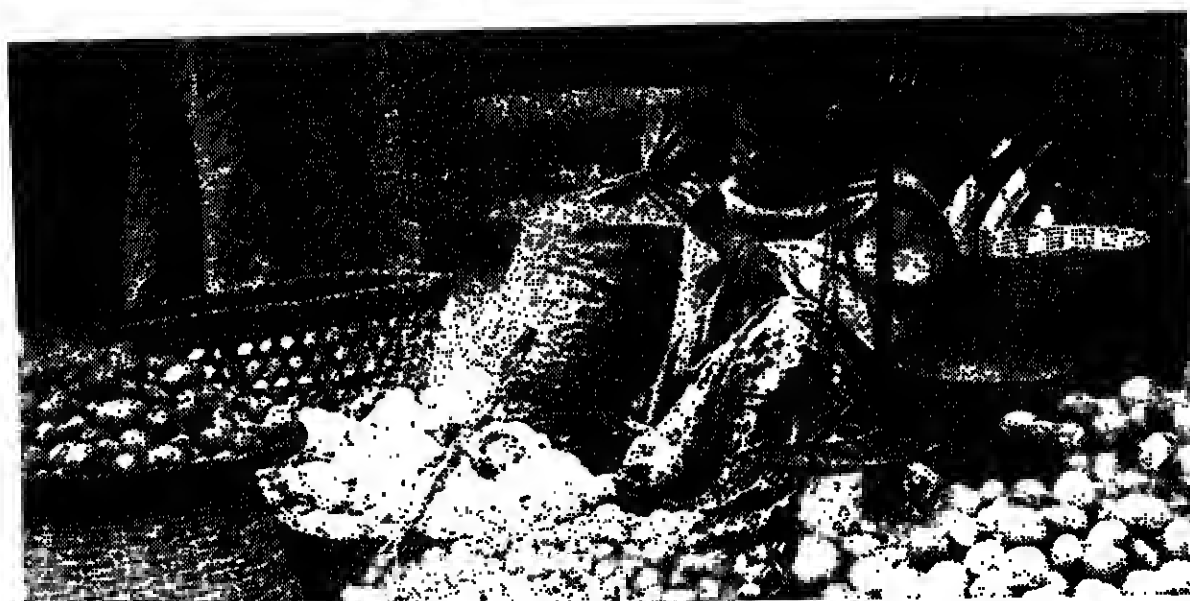
Copenhagen Airports says it is dedicated to cutting away the corporate fat of life in the state sector. This approach was emphasized in pre-float presentations to institutional investors — pension funds and the like — across Europe last March.

One of the key charts presented to analysts at the time concerned "movements versus employees," or the company's intention to lower its ratio of employees to scheduled flights.

Many analysts are currently recommending Copenhagen Airports and Vienna Airport over BAA, tending to agree that while BAA is perhaps the best-man-



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THE MONEY REPORT

Engine Makers and Airline Caterers Offer Hedged Plays

By Baie Netzer

SHARES in companies that manage airports are not the only way for investors to gain exposure to the aviation sector without actually buying airline stocks. Indeed, companies that make jet engines, flight simulators, even those that provide food service are strongly connected to the sector.

Moreover, because such companies often serve a variety of industries, their shares can provide investors with a buffer when the outlook for airlines turns negative.

One such company is Dial Corporation, a \$3.6 billion consumer products and services company based in Phoenix, Arizona. Dial draws about 20 percent of its revenues from its Tennessee-based subsidiary, Dobbs International Services, which is the largest airline catering company in the United States.

Carol Neves, a vice-president at Merrill Lynch in New York who tracks Dial Corp., rates its shares "above average," although she notes that Dobbs's catering business has been negatively impacted by the removal of meal service on many short-haul flights. Dobbs has successfully chased new business, however, recently winning a contract worth \$12 million to cater Lufthansa flights out of Atlanta and Washington, D.C.

In addition, Dobbs has mounted an aggressive challenge to a competitor, New York-based diversified services company Ogden Corp., in areas such as airport baggage handling and aircraft fueling. But profit margins in these businesses have shrunk significantly in recent years, said Miss Neves. Ogden, for example, no longer operates baggage handling at New York's John F. Kennedy airport because profit margins have been squeezed too tight.

"Both Ogden and Dial provide investors with airline-related business exposure, but it's different in nature," said Miss Neves. "Dial is more exposed to the domestic market, but if divi-

dend yield is important to an investor, Ogden offers a fat 6 percent while Dial is at about 3 percent."

FlightSafety International Inc., which provides advanced training to pilots through the use of highly sophisticated simulators, used to be a spectacular growth stock, achieving 20 percent annual earnings growth during a 10-year span that crossed from the 1970s into the 1980s. Since 1990, however, the company's earnings have been relatively flat.

Tom Albrecht, a transportation analyst at the New York brokerage A.G. Edwards, said that investors will need to adjust to the idea of owning a more mature company.

Still, he called FlightSafety "one of the best-managed small companies in the country," and said that revenues could get a boost if proposed changes in federal aviation regulations were approved. The changes would require pilots who fly certain aircraft for regional airlines to meet the same training requirements as pilots at large commercial airlines. About 25 percent of FlightSafety's revenues currently stem from training regional, domestic and foreign carrier pilots. Mr. Albrecht currently has a "hold" rating on FlightSafety shares.

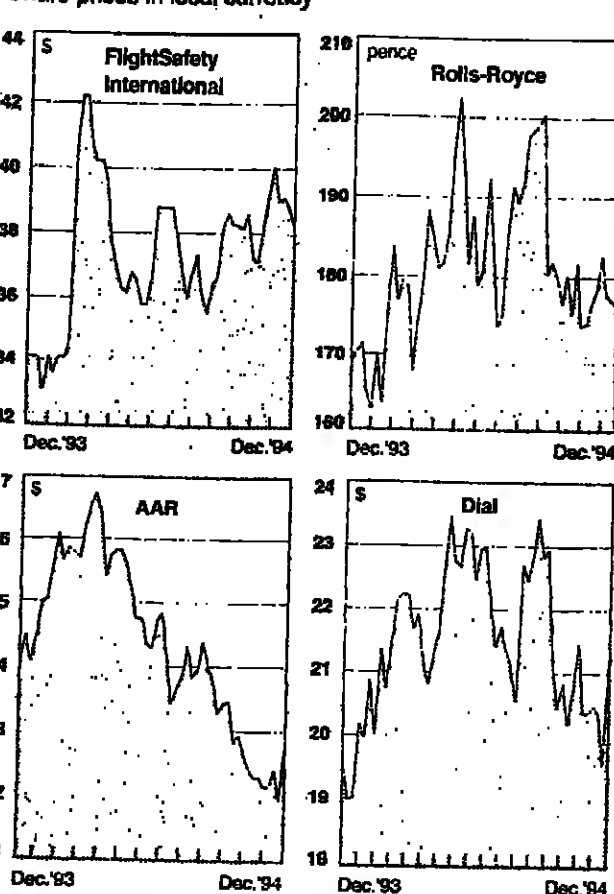
After the 1989 Exxon Valdez oil spill, FlightSafety won a contract from Exxon Corp. to provide marine navigation training to tanker captains. Although the marine business now accounts for only 5 percent of the company's revenues, Mr. Albrecht said the division could grow by 20 percent annually over the next few years.

Indeed, analysts say that a smart diversification strategy can only help prospects for a stock even when its airline-related business is going strong. For example, plans by jet-engine maker Rolls-Royce PLC and a partner, Westinghouse Electric Corp., to employ jet-engine technology for power generation in Asia has huge market potential, say experts.

A number of other moves by

Serving the Airlines

Share prices in local currency



Source: Bloomberg

Rolls-Royce have also won analyst support. Many believe that the recently announced \$525 million acquisition of turbo-prop engine maker Allison Engine Co. should broaden Rolls-Royce's scope and add a competitive advantage against competitors General Electric Co. and Pratt & Whitney, a unit of United Technologies Corp.

Keith Hodgkinson, an aerospace analyst at Lehman Brothers in London, says that with the winding down of research and development costs for Rolls-Royce's Trent engine, which is designed for use on Boeing's new 777 aircraft, pre-tax profits for the company should climb from \$110 million (\$171 million) this year to \$250 million in 1996. He believes the stock, now trading at around 177 pence (\$276), can double in price over the next three to four years.

"About 35 percent of Rolls-Royce engines in service haven't yet reached the age where they need spare parts, so there's enormous potential out there," said Mr. Hodgkinson.

"In fact, Rolls-Royce is one of the few U.K. companies of any description that has real potential for growth."

Such rosy predictions are harder to come by for Chicago-based AAR Corporation, which supplies products and services for commercial and military aircraft. Having experienced strong growth in the 1980s, AAR has seen its earnings slip more than 50 percent since 1990.

AAR has not won raves for its attempts at diversification. About one half of its revenues stem from the sale and lease of spare aircraft parts, while another 25 percent is drawn from component overhaul. But the company has been plagued by manufacturing problems, according to Mr. Albrecht.

Mr. Albrecht added that although AAR enjoys a high degree of customer confidence and has recently gained more business from start-up airlines, he would recommend a less-volatile stock for investors seeking indirect exposure to the airline industry.

Mergers, Cutbacks Test the Mettle of U.S. Defense Stocks

By Judith Rebek

THE U.S. aerospace industry has been downsizing since 1989, but 1994 has turned out to be the year in which post-Cold War consolidation really hit home.

Two mega-mergers, one a done deal, the other pending, have dominated the industry landscape. The first took place on April 4, when Grumman Corp., whose products include the JSTARS aircraft-borne radar system, accepted a \$62-a-share, \$2.17 billion buyout offer from Northrop Corp., maker of the B-2 Stealth bomber. Left at the altar was Martin Marietta Corp., which had offered \$55 a share for Grumman.

But Martin Marietta, which specializes in space vehicles and high-tech avionics systems, was not destined to remain alone. On August 30, Lockheed Corp., whose strength is in fighter planes such as the F-16 and the F-117A Stealth, announced with Martin Marietta that the two companies would merge to create the largest U.S. defense contractor. The companies had combined sales of nearly \$23 billion in 1993. The deal is pending a U.S. Federal Trade Commission examination concerning whether it violates anti-trust laws.

Earnings growth prospects for these mergers and other aerospace companies are still uncertain, say analysts. Indeed, the shrinkage of the U.S. military machine—Pentagon hardware orders have fallen by more than 40 percent over the past five years—is continuing.

"We're through with roughly half the downsizing," says Jerry Cantwell, an analyst with Lionheart Research, a New York firm that specializes in analyzing defense and aerospace stocks. "There's a lot more to go."

Mr. Cantwell said he likes the newly-formed Northrop Grumman Corp. despite the company's disappointing third-quarter earnings of 79 cents a share. Estimates had been \$1.10 a share. "It's had its share of earnings

difficulties in 1994," said Mr. Cantwell. "But it's a stronger company combined, and we think its earning power is well above what it is currently demonstrating. If you look at operating earnings, they were about \$4.75 a share this year, and we think that they will be well over \$5 a share for 1995."

Mr. Cantwell cited "decent prospects" for more government funding for the B-2 Stealth bomber, and noted that Northrop Grumman's commercial subcontracting business of making fuselages for the Boeing 747 would be boosted by an upturn in commercial airline orders, which is widely anticipated.

Most analysts feel that the Lockheed-Martin Marietta merger will indeed pass regulatory muster, but many are reserving judgement on its future prospects. Mr. Cantwell, however, ventured an opinion.

"The companies are very complementary, and they will be able to get rid of a lot of capacity, but it's too soon to say what facilities will shut down," he said. "I think the combined company will earn \$5 a share in 1995, and earnings will be up in 1996 because there will be a lot of cost-cutting going on."

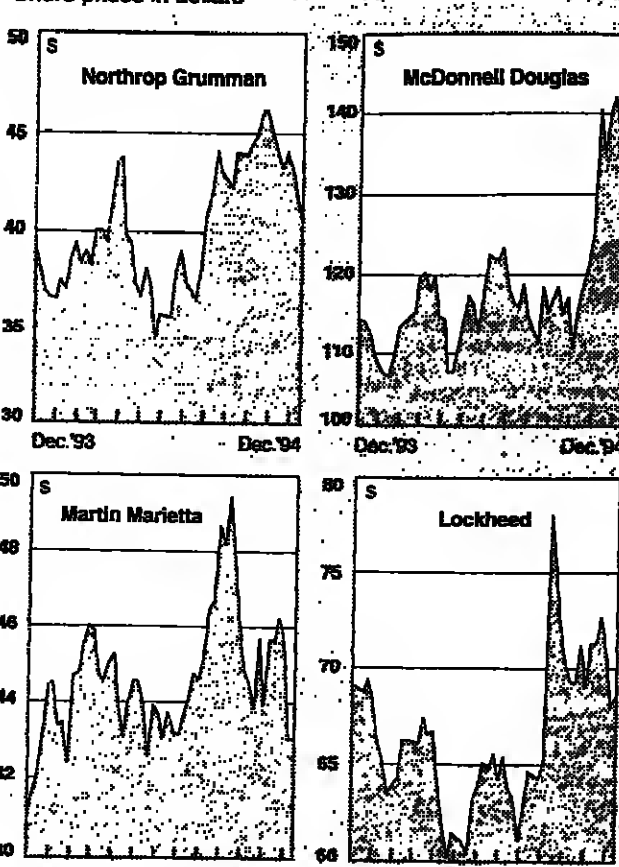
Analyst opinion differs, meanwhile, on McDonnell Douglas Corp., whose military products include the Harpoon missile, the Tomahawk cruise missile, and the Apache helicopter. McDonnell Douglas is also a major manufacturer of commercial aircraft such as the MD-80.

The company's boosters on Wall Street have been well-rewarded this year, as McDonnell Douglas has widened its profit margins on military hardware and stabilized its struggling commercial business. Its shares have soared from a low of \$104 in January to around \$144 currently.

Some analysts think the shares are too pricey and that the prospect of Lockheed Martin as a strong competitor to McDonnell Douglas's tactical fighter aircraft business raises

Downsizing Still

Share prices in dollars



Source: Bloomberg

still more questions. Others, however, think the stock will continue to rise. "I'm still positive on McDonnell," said Wolfgang Demisch, an aerospace analyst at BT Securities. "Their valuation is still modest and well within that of the industry, and I expect more than \$15 a share in earnings next year."

Steven Lewins, an aerospace analyst with Gruntal & Co., a New York brokerage, thinks that more large mergers may be in the offing. He said that Boeing Co., whose military-oriented business is small but profitable, might ultimately try to acquire Northrop Grumman.

Indeed, Seattle-based Boeing, the world's largest maker of commercial aircraft, has been struggling against soft demand for its jetliners. "They're spending at a high rate for research and development at this point, and they're still maintaining good earnings and profitability," said Mr. Demisch, who has a "buy" rating on Boeing shares. "As business picks up with the commercial recovery over the next couple of years, it's my expectation that by the end of the decade their earnings will quadruple to \$8 a share." Some analysts are even more optimistic, projecting earnings as high as \$10 to \$12 a share by 1999.

But not everyone is prepared to jump on board Boeing. "Boeing's recovery is not contingent on the airlines' traffic growth," said Nicholas Heymann, an analyst at NatWest Securities in New York, who rates the stock "hold."

David Pizzimenti of Nomura Research Institute thinks a better way to play the upturn in commercial aircraft orders is through a stock like United Technologies Corp. The company owns Pratt & Whitney, one of the largest makers of airplane engines, as well as Sikorsky Aircraft, a prime maker of military helicopters.

"United Technology's stock is selling at around \$59 right now," said Mr. Pizzimenti. "A year from now, it could be in the low 70s."

Prospects Are Mixed for Asian Pacific Carriers

By Digby Lerner

IN TROUBLED times for the world's airline industry, some carriers in the Asian Pacific region have managed to turn in some impressive results in recent years.

The highest achievers have been those based in emerging-market countries. Thanks to the dual benefits of growing demand and relatively low costs in places such as Thailand and Malaysia, their airlines have had a strong competitive edge over companies based in more developed countries.

Thai Airways International, for example, recently posted a net profit of \$125 million for the financial year ended September 30, an increase of 206 percent over the previous year. On the other hand, airlines in Australia, Japan and New Zealand have struggled, often failing to maintain profits during recession. Qantas Airways, the Australian air carrier which is largely state owned, suffered a net loss of about \$77 million Australian dollars (\$292 million) in 1993.

This year, however, there are signs that its market is picking

up. Indeed, Both Qantas and Japan Air Lines are both set to climb back into profit this year, say some analysts, while some of the younger carriers in the market are feeling the pinch of competition for the first time.

Glenn Engel, a transport analyst with Goldman Sachs in New York, doubts if former high-flying airlines in the region will continue to grow so fast in future.

"The region has done well recently but now I would say it's neutral," he said. "The ones that did best have come from a fairly low cost base. Now things are tightening and the amount of competition building up there means it is unlikely they will continue to grow as rapidly."

Already hurt by growing competition has been the Hong Kong-based airline, Cathay Pacific Airways. Cathay's share price dipped recently with news that it plans to slash air fares by up to 20 percent on two of its prime routes in answer to price cuts from rivals.

Cathay's competition has intensified since U.K.-based Virgin Atlantic and the Australian domestic carrier, Ansett Air-

lines, were granted routes out of Hong Kong this year.

Terence Chan, an analyst with Kleinwort Benson Securities (Asia) in Hong Kong, is currently putting together a report outlining Cathay's prospects. He said there are signs that the airline is reining back its growth.

Although Cathay Pacific is taking delivery of 15 new Airbus over the next two years, he said, these are to replace planes that are being retired. "Therefore," said Mr. Chan, "there will be no net expansion. There is also some uncertainty over whether the airline can pick up the Japanese traffic it lost during the recession, now the Japanese economy seems to be improving."

Laurent del Grande, a transport analyst with Kleinwort Benson International in Tokyo, warned that the apparent recovery of some former loss-making airlines may be short lived.

He said he doubted if Japan Air Lines' half-year profit of 20 billion yen (\$200 million), announced last month, will be matched in the second half.

"JAL has been in the red for three years, so it is keen to show a surplus this year," he said. "Unfortunately, about 3 billion yen of its half-year profit was because of falling oil prices rather than because of anything it achieved itself. To boost its figures this time, it will probably have to sell some assets."

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Bonds Post Positive Returns in November

For the second straight month, global government bond markets in November posted positive returns on average, according to U.K.-based Kemper Investment Management.

Returns in local currency were positive in all markets except the United States, with U.S. Treasuries posting a negative return of about half of 1 percent.

Fitzrovia Publishes New Guide to Funds

The Umbrella Fund Handbook, a new guide to over 450 offshore funds, has been published by London-based Fitzrovia International. Among other detailed information, the volume provides performance rankings based on the consistency of previous returns.

The guide costs £149 (\$232) plus postage. For further infor-

mation, contact Fitzrovia on (44.71) 224.3284. Next week in the Money Report: a look at financial gifts.

The Money Report is edited by Martin Baker

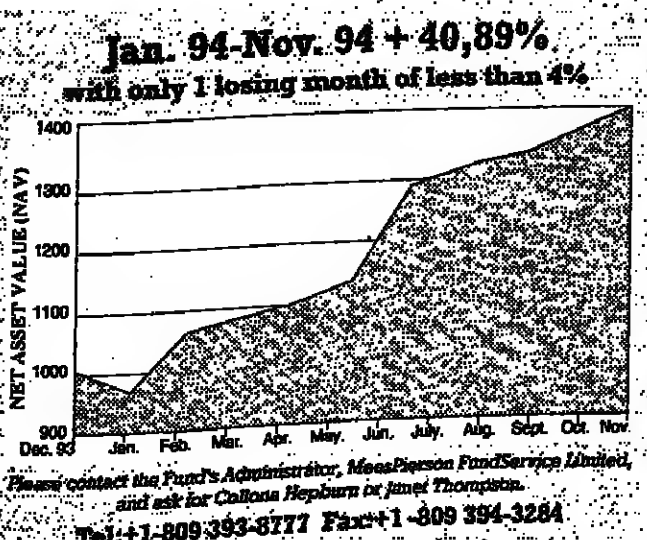
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SPORTS

All-Star Game Falls Victim To the Lockout in the NHL

Compiled by Our Staff From Dispatches
The National Hockey League's annual All-Star Game is the latest victim of the lockout.

The game, scheduled for Jan. 21 in San Jose, California, and which was to kick off the league's five-year, \$155-million deal with the Fox TV network, has been canceled because the dispute with players "makes it impossible to go forward," said Stephen Solomon, the NHL's chief executive officer.

As consolation, San Jose will play host to the 1997 game. The 1996 game already has been awarded to Boston.

Day 69 of the lockout passed without further negotiations, but the two sides remained busy

by firing up their fax machines

Bob Goodenow, the executive director of the NHL Players' Association, sent a letter to Commissioner Gary Bettman, reiterating the union's opposition to a payroll tax of any kind and its belief that sufficient concessions had been made on other issues to make the tax unnecessary.

The league, meanwhile, circulated a letter among its teams indicating that the union either had misunderstood or was misrepresenting its latest proposal.

So far, the NHL has canceled 24 games of each team's 84-game schedule.

Whether the season can be saved remains unclear, Bettman

and the league's Board of Governors will meet Monday in New York, where they are expected to draw up a final proposal and deliver a take-it-or-leave-it ultimatum to the players' union.

Bettman and Goodenow have not spoken since Tuesday, but a source indicated they might talk before Monday's league gathering.

The All-Star Game has been played annually since 1947, when it matched the Stanley Cup winner against a team of players from the rest of the league. The format changed to East vs. West in 1969. The game was played before the season until 1967, when it was moved to midseason. (NYT, L47)

Baseball Players' Plan: Cooperation?

ATLANTA—The emphasis in the new proposal major league baseball players will present to the owners on Saturday is on cooperation between the two sides, according to people familiar with the plan.

"We certainly can use that," one management official said.

But with the owners less than a week away from the new date for setting into motion their implementation strategy, the No. 1 question about the players' proposal remains: Will the owners abandon their hard stance on player salaries and opt for cooperation over instant economics.

"This proposal addresses the owners' stated concerns," Craig Fenech, an agent from New Jersey, said Thursday after the union's meeting with agents. "It should provide a basis for satisfying them. But I think they have an agenda. A number of owners want to try replacement players. I expect they're going to implement. I think we're headed to a last-man-standing scenario."

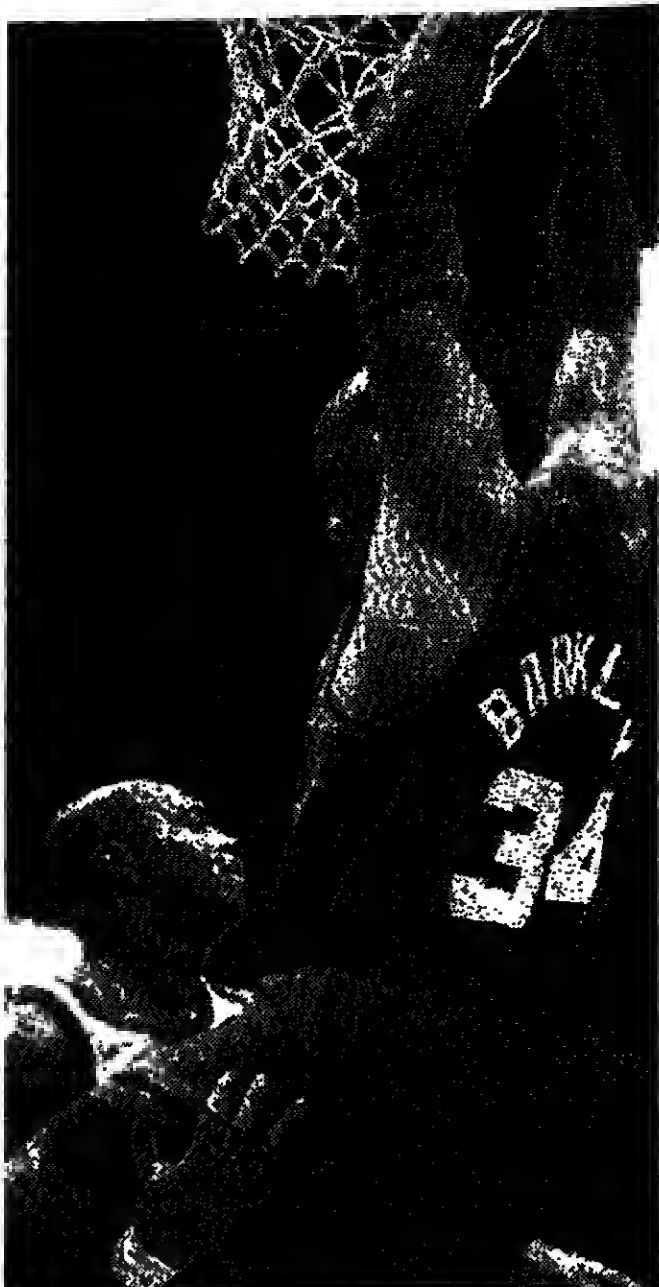
Union officials again declined to disclose details of the proposal they will unveil to the owners Saturday. Others have said the proposal contained a tax on club payrolls.

One agent emerged from the

four-and-a-half-hour meeting and said the agents were told the tax would be a scale of 4 to 6 percent. Two other agents said they were not given specifics. They also said union officials told them not to disclose what they were told.

At that level of tax, the players moved well off the approximately 1.5 percent tax they had proposed in September that the owners quickly rejected.

But their new rate is still worlds away from the owners' tax proposal, the alternative they presented to the salary cap they really want, that calls for a limitless tax.



Charles Barkley got an assist from Derrick Coleman as the Suns handed the Nets their fourth straight loss at home.

Rockets Get 2 Guns Back, Beat Hornets

The Associated Press

Hakeem Olajuwon was back with the Rockets, and so was Kenny Smith's shooting touch. Dennis Rodman was still absent from the Spurs.

Olajuwon, who had missed the Rockets' last game with a wrist injury that had hampered him in the game before that, scored 21 points to help Houston end a two-game losing streak.

But Smith's contribution was just as important. He made seven 3-pointers in hitting a sea-

NBA HIGHLIGHTS

son-high 25 to rally the Rockets to a 101-95 victory over the Charlotte Hornets on Thursday night.

His final 3-pointer put Houston back on top for good, 91-90, with 2:07 remaining.

The Hornets played without their No. 2 scorer, forward Larry Johnson, who stayed in Charlotte following the birth of his son.

Jazz 117, Spurs 114: Jeff Hornacek's 26 points and free throws down the stretch lifted Utah over San Antonio in double overtime.

A basket by David Robinson gave the Spurs a 95-93 lead with 36 seconds left in regulation, but Avery Johnson committed a turnover and sent Hornacek to the line. His two free throws sent the game into overtime.

Sean Elliott, who scored 24 for San Antonio, sank a 3-pointer to force the second overtime.

San Antonio was hoping to have Rodman at least on the bench in street clothes, but the suspended forward stayed away from the team for the second straight day. While the Spurs were losing at the Alamodome, Rodman was working out at a health club across town.

Bullets 124, Mavericks 121: Chris Webber had 23 points and 14 rebounds in Washington's overtime victory in Dallas.

Rex Chapman's 18-footer with 29.3 seconds left in overtime broke a tie and Scott Skiles added two free throws with 11.4 seconds left as the Bulls won for only the second since Webber came over in a trade from Golden State.

Jamal Mashburn scored 45 points and Jim Jackson added 26 for the Mavericks, who had won four of their previous six.

Kings 103, Sonics 91: Mitch Richmond's 26 points and Seattle's second-half scoring drought added up to Sacramento's second victory of the season over the Sonics.

Walt Williams contributed 23 points for the Kings, who trailed by as many as 17 points in the third quarter before outscoring the Sonics 30-1 during a 12-18 span.

The Kings held Seattle to only 30 second-half points.

This Game's Name: The Playoff Chase

New York Times Service

The common denominator for this weekend's games is that most have playoff implications.

New York Jets (6-7) at Detroit (7-6): Lions have found a quarterback capable of making teams pay when they try to shut down Barry Sanders, with Dave Krieg having thrown 10 touchdowns and no interceptions in his five starts. Art Monk will be seeking to break Steve Largent's record for receptions in consecutive games, and Jets will need big effort Saturday from him and Boomer Esiason; their offense is averaging just 98.5 yards rushing a game. Odds-makers favor Jets by 3 points.

Cleveland (9-4) at Dallas (11-2): Troy Aikman, having missed last two games with sprained knee, returns to starting lineup Saturday. Cowboys, who managed just fine without him, will give Browns' defense one of its sternest tests this season; Emmitt Smith's 114 points on 19 rushing touchdowns is second in San Diego Kicker John Carney (116). Leroy Hood has emerged as Browns' key offensive weapon; he is only running back in NFL to lead team in rushing (692) yards and receptions (39). Cowboys by 10.

Chicago (8-5) at Green Bay (6-7): One pivotal NFC Central game, Chicago having lost heartbreaker in overtime to Minnesota last week. This will be Green Bay's first home game in almost a month. Brett Favre has thrown 15 touchdowns and 4 interceptions in last 5 games; Bears' defense has 12 sacks in last 5 games. Packers by 3½.

Minnesota (8-5) at Buffalo (7-6): Bills blasted their way back into playoff race last week with big win over Miami; Vikings, who had stumbled in three straight games, righted themselves against Bears. Bills' Jim Kelly has thrown at least 1 touchdown pass in last 7 games; Vikings' Cus Custer leads NFL in receptions with 102 and teammate Jake Reed has 70. Bills by 4.

New York Giants (6-7) at Cincinnati (2-11): Giants, rolling behind renewed sense of confidence, believe they can make playoffs. Dave Meggett's 13.4 yards per punt return leads NFL; he's the only player in NFC to return two punts for touchdowns. Giants by 5½.

Indianapolis (6-7) at New England (7-6): New England victory enhances its position in race for wild card spot; victory by Colts keeps them in race. Drew Bledsoe leads NFL in passes (577) and leads AFC in completions (330) and yards (3,725). Marshall Faulk, who is accounted for 41.6% of Colts' offense, was hospitalized Thursday as precaution when he developed upper respiratory virus; he is expected to play Sunday. Patriots by 5½.

L.A. Rams (4-9) at Tampa Bay (4-9): Both still long shots. Rams' defense, having allowed

just 8 rushing touchdowns, faces Eric Reth, who had 40 carries for 192 yards against Redskins last week. Tampa Bay's offensive line hasn't allowed sack in last three games, in which team is 2-1. Bucs by 2½.

Philadelphia (7-6) at Pittsburgh (10-3): Eagles' coach Rich Kotite created miniquarterback controversy this week by hinting, after fourth straight loss, he might bench Randall

NFL MATCHUPS

Cunningham in favor of Bubby Brister. But Cunningham will start. Steelers' defense has been punishing opponents all season, and won't let up on fellow Pennsylvanians. Steelers by 6.

Denver (7-6) at L.A. Raiders (7-6): Broncos' quarterback John Elway, with sprained knee, was initially listed as questionable but is now probable. Raiders' Jeff Hostetler was red hot against San Diego; their rushing defense is tied for second in AFC with Miami, giving up 88.5 yards a game. Raiders by 3½.

San Francisco (11-2) at San Diego (9-4): Since being humiliated by Philadelphia on Oct. 2, 49ers have won 8 straight and have been getting healthy starters back in lineup. Their 411 points leads NFL. Victory against Chargers gives them first round bye in playoffs; a San Diego victory and help from odds-makers gives 11 turnover title. Chargers plus-11 turnover ratio is second in the league. 49ers by 6½.

New Orleans (5-8) at Atlanta (6-7): Atlanta still has playoff hopes. New Orleans' little chance. Falcons' Terance Mathis has 25 receptions for 415 yards and 3 touchdowns in last 4 games. Saints have 32 sacks, which ranks No. 3 in NFC, while Falcons gave up 50 points to 49ers last week. Falcons by 4.

Washington (2-11) at Arizona (6-7): Aeneas Williams's 8 interceptions lead NFL, while Arizona has found offense in running back Larry Centers. Redskins have own offensive problems, averaging 82 yards rushing a game. Cardinals by 8.

Seattle (5-8) at Houston (1-12): Oilers have allowed NFL low 18 yards per kickoff return, their only good news. Seattle, also playing out season, will be quarterbacked by Dan McGwire. Rick Mirer's season, having been ended last week with broken left thumb. Oilers by 2½.

Kansas City (7-6) at Miami (8-5): Chiefs' Joe Montana, who didn't play last week because of sprained foot, is questionable Monday night. Defense's 32 takeaways ties Jets for most in NFL, but Dolphins' Dan Marino has had three straight 300-yard passing games. Both teams trying to bounce back after tough losses. Dolphins by 4½.

These matchups were compiled by Timothy W. Smith.

SCOREBOARD

BASEBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division

Team	W	L	Pct	GB
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Orlando	13	3	.813	—
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New York	10	6	.625	—
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Boston	9	7	.562	5½
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Philadelphia	7	9	.438	4
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Washington	7	13	.350	8
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New Jersey	4	10	.286	8
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Atlanta	1	10	.091	24½
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Charlotte	0	16	.000	30
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Cleveland	9	8	.529	2
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Chicago	8	8	.500	2½
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Detroit	8	8	.500	2½
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Akron	7	10	.412	4
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Minnesota	5	12	.294	6
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Western Conference	W	L	Pct	GB
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Houston	12	5	.706	—
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Utah	11	7	.611	1½
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Denver	9	8	.529	2
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Dallas	8	7	.533	3
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San Antonio	7	9	.438	4½
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Minnesota	3	14	.176	9
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Pacific Division	W	L	Pct	GB
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Phoenix	12	5	.706	—
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Seattle	10	4	.667	—
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L.A. Lakers	10	4	.625	1½
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Sacramento	9	7	.562	2½
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Golden State	8	8	.500	3½
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Portland	8	8	.500	3½
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L.A. Clippers	1	16	.059	11
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THURSDAY'S GAMES

Phoenix	34	28	55-53
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New Jersey	33	28	51-48
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P. Mallerie	4-23-23	Thistle	3-13-17
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Coleman	12-30-34	Gilliam	9-14-4-54
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Reborens	4-23-23	Thistle	3-13-17
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Reborens	4-23-23	Thistle	3-13-17
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Reborens	4-23-23	Thistle	3-13-17
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Other Major College Scores

EAST

Boston College	44	Forham	41
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Brown	41	Holy Cross	41
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Buffalo	71	Niagara	57
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Columbia	77	Army	71
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Dalhousie	71	Wilfrid	61
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Penn St.	74	Bucknell	51
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Rider	81	American	51
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Southern	97	Dartmouth	41
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Citadel	65	Randolph-Macon	57
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Clemson	83	South Carolina	57
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Georgia	81	Florida	57
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Georgia Tech	111	Georgia State	77
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James Madison	101	Morgan	57
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Old Dominion	74	New Hampshire	44
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Alcorn	44	Clemson	57
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Chadron	102	Troy	57
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Missouri	74	Missouri	57
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Nebraska	74	Nebraska	57
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Nebraska	74	Nebraska	57
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Nebraska	7
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SPORTS

UEFA and Asians Criticize FIFA As Undemocratic

Compiled by Our Staff From Dispatches
ROME — The governing body of European soccer, UEFA, accused FIFA on Friday of unfairly selecting committee members and threatened to ignore their authority, while a senior official of the Asian Football Confederation said his group plans to file a protest over the allocation of influential places on FIFA committees.

UEFA's president, Lennart Johansson, after a meeting of his group's executive committee, criticized FIFA's lack of consultation with both its European counterpart and national federations in selecting members of FIFA's committees.

He said FIFA should make its procedures "more democratic." If it does not, he said, "Then I clearly tell you — and again, I react personally — we can live without them."

"UEFA is not looking for a war," he added. "But we want to defend our prestige, our dignity. If FIFA does not respect our point of view, we will leave FIFA."

The AFC's general secretary, Peter Velappan, said in Kuala Lumpur that "the executive committee will be deciding how best we can explain to FIFA how unsatisfactory their decision has been and how we can rectify the situation."

The 44-member AFC, which begins a five-day session in Kuala Lumpur on Saturday, will discuss next Wednesday how to protest the way FIFA made up the committee in October, Velappan said. "This is a unique situation as far as I am aware, but then we are in a unique position."

The controversy stems from the fiery meeting of FIFA's executive committee in New York in October, at which FIFA's president, Joao Havelange, announced the composition of the committees that help run world soccer.

Critics alleged Havelange chose the committee members personally, ignoring the protocol that only officials supported by regional confederations can serve on FIFA committees.

Velappan refused to say which Asian delegates the AFC was protesting about, but it sources say the Kuala Lumpur-based body did not support China's Chen Chengda or the Philippines' Fernando Alvarez.

Both were named by Havelange to sit on FIFA's technical committee. Chen retired from the AFC in May because of old age, and Alvarez no longer resides in Asia.

AFC officials said the protest is likely to come in the form of a strongly-worded letter to Havelange.

The disciplinary committee, meeting on Saturday, will rule on allegations that Syria and Iraq fielded over-age players in the recent Asian under-19 championship in Jakarta.

(AFP, AP, Reuters)



Andre Agassi, down a break point, was hit with a penalty point for arguing a line call, then a 6-3, 1-6, 6-0 loss.

Larsson and Martin Gain Grand Slam Semifinals

The Associated Press
MUNICH — Magnus Larsson used a big serve for a three-set victory Friday over second-ranked Andre Agassi, who came close to being disqualified from the Compaq Grand Slam Cup for swearing.

Larsson's 6-3, 1-6, 6-0 victory put the 19th-ranked Swede into the semifinals of the \$6 million tournament and earned him at least \$425,000.

His opponent will be Todd Martin, who defeated Sergi Bruguera, the French Open champion, 6-4, 7-6 (7-5).

Agassi received a warning and was penalized a point when he repeated the obscenity, giving Larsson a break and a 3-1 lead in the first set.

"I said it again but he wouldn't default me," Agassi said of the umpire, Mike Morrissey of Britain.

On the next point, Agassi whacked a return that nearly knocked down the umpire's microphone.

"That was very unfortunate, wasn't it?" Agassi said, with more than a trace of sarcasm. He did, however, profusely apologize to Morrissey.

Larsson said he did not hear what Agassi said, "but obviously he said it, the umpire heard it."

"If he gets a warning that easy and the point penalty that easy and then he hits the ball at the umpire, of course, he should be defaulted."

Agassi had trouble not only with his temper. Larsson hit tremendous serves, one timed at 208 kph (129 mph), and had 12 aces.

Slowed by the lingering cold, Agassi turned the match in the second set but collapsed in the third.

"I didn't have as much energy as I wanted, he controlled most of the points," he said.

"I felt I didn't pull myself together until the second set. I was very, very mad. I was very upset."

The first obscenity was not widely audible, and Agassi said he said it really to himself. What upset him was a call that ruled his first serve out.

"I said it under my breath, very much to myself. I said it again. I got really upset and got a point penalty. Then I said it again, but he wouldn't default me," Agassi said.

After a player is penalized a point for a code of conduct violation, the next breach should cause a default.

"He was very quick to give me a point penalty, but the same thing happened again and he wasn't so quick to default me," Agassi said.

He said that "I didn't want to be defaulted but it's kind of ironic that he will give me a penalty point but not default me."

"I don't think I should swear. My first choice is to be in complete control of myself. But there are times when the frustration level is high."

"I wish I could control myself better all the time. But that is not the reality. The reality is it happens. And because it happens, I don't think there should be as many microphones on the court."



Magnus Larsson added big money to a Davis Cup title.

SIDELINES

Penn State's Collins Wins Top Award

LAKE BUENA VISTA, Florida (AP) — Penn State senior Kerry Collins, who quarterbacked the nation's top scoring offense, has edged Colorado running back Rashaan Salaam for the Maxwell Award as the outstanding U.S. college football player.

Other award winners: Outland Trophy (interior lineman) — Zach Wiegert, Nebraska; Jim Thorpe (defensive back) — Chris Hudson, Colorado; Fred Biletnikoff (receiver) — Bobby Engram, Penn State.

Rich Brooks of Oregon, whose Ducks won their first Pac-10 title and Rose Bowl appearance since 1958, received the coach of the year award.

Quarterback Dan Kendra III of Bethlehem Catholic in Pennsylvania, widely acclaimed as the high school player of the year, announced he will attend Penn State. He had been heavily recruited by Notre Dame, North Carolina, West Virginia, Syracuse, Wisconsin, Florida State and Penn State.

Blatter Decries 'Petty Bickering'

ZURICH (AP) — Praising the atmosphere of the 1994 World Cup as "the Spirit of America," FIFA's secretary general, Sepp Blatter, on Friday criticized players, referees, officials and journalists for "petty bickering" that is hindering soccer.

Writing in an editorial for the monthly FIFA newsletter, Blatter said soccer is being damaged by players who ignore fair play, bad-mannered officials, poor refereeing and biased media reporting.

"The World Cup final competition in the USA was a huge step forward in football and the progress we have achieved should not be undermined by petty bickering about offside, yellow cards and red cards or by inconsistent referees," Blatter wrote.

For the Record

Tottenham Hotspurs' six-point penalty and FA Cup ban, imposed by the FA over alleged financial irregularities, was lifted by the Independent Arbitration Tribunal; a fine of \$2.4 million was let stand.

Han Qing, the women's 400-meter hurdles champion who was one of 11 Chinese athletes to fail drug tests at the Asian Games in Japan, was suspended from competition for four years by the IAAF.

Howard Johnson, who was a teammate of Darryl Strawberry's on the New York Mets, is also being investigated by the IRS for not declaring money made at promotional events.

Tyrodie Williams, a former Stanford assistant coach now with the Minnesota Vikings, was picked as the Cardinal's new coach, succeeding Bill Walsh.

Quotable

• Ian Baker-Finch, the professional golfer, on signing a lot of autographs: "I wish my name was Tom Kite."

Street and Lindh Finish 1-2 in Downhill

The Associated Press

LAKE LOUISE, Alberta — Picabo Street and Olympic silver medalist Hilary Lindh gave the United States a 1-2 finish Friday in a women's World Cup downhill.

Street streaked down the 2,639-meter course with a vertical drop of 707 meters in 1 minute, 40.40 seconds for her first World Cup triumph. Lindh, who finished second in the downhill at the 1992 Olympics, was timed in 1:41.16 under sunny skies.

"I can't believe it, I've been waiting a long time for this," said the 23-year-old Street.

The reigning World Cup and Olympic downhill champion,

Katja Seizinger of Germany, finished third in 1:41.33.

Barbara Merlin of Italy was fourth, in 1:41.51, followed by compatriot Bibiana Perez in 1:41.57.

Friday's downhill was the first of two this weekend, a scheduling rarity caused by the warm weather that has forced the cancellation of races in Europe.

The second women's downhill is scheduled for Saturday, with a super-giant slalom on Sunday.

• For the first time in World Cup history, two slalom races will be raced in the evening, under floodlights.

Organizers in the Italian Al-

pine resort of Sestriere announced Friday that a men's slalom will be held at 6 P.M. (1700 GMT) and 8:40 P.M. on Monday. A women's slalom, with the same heat times, is scheduled for Sunday, Dec. 18.

Monday's race makes up for the slalom canceled in Madonna di Campiglio, Italy. The women's slalom was originally scheduled for Veyssonnaz, France.

Madonna and Veyssonnaz could not hold the slaloms because of a lack of snow.

Sestriere had to give up the men's giant slalom and slalom on Dec. 3-4. But the Italian resort was able to prepare a course for two slaloms as temperatures fell earlier this week, allowing the use of snow cannons.

Italian star Alberto Tomba, who got off to a sensational season start by winning the opening World Cup slalom in Tignes, France, last Sunday, shoots for a second consecutive victory on one of the courses he likes most.

The three-time Olympic champion has won five races in Sestriere, the host site for the World Ski Championships in 1997.

The next men's World Cup races, a Super-G and a giant slalom, are scheduled for Tignes this weekend.

FIA Puts Argentina, Imola and Monza on Hold

The Associated Press

MONACO — The International Automobile Federation said Friday it will conduct a final inspection Jan. 22 to determine whether Argentina can host the opening Formula One Grand Prix race next season.

The race is tentatively scheduled at the Buenos Aires track

on March 12, but the circuit has yet to win FIA approval.

FIA's World Council also said it must receive confirmation of required improvements at Imola for the San Marino Grand Prix and at Monza for the Italian Grand Prix.

The deadline for Imola is Jan. 31, for Monza March 31.

Last spring's race at Imola was marred by the deaths of two drivers, Roland Ratzenberger of Austria and Ayrton Senna of Brazil.

FIA confirmed that the European Grand Prix would be held Oct. 8 at the Nurburgring circuit in Germany. It last staged a Formula One race in 1985.

FIA President Max Mosley also received a report on the first six months of work by a group of safety experts.

Studies commissioned by the group already have led to the development of a new energy-absorbing material for rear head restraints, the report said. It said work was taking place on neck restraints, airbags, energy-absorbing seats and possible changes to the cockpit of cars.

Tougher safety standards are being adopted for helmets and for the fire-resistance of driver clothing.

Since the group began its work in June, 11 Grand Prix circuits have been subjected to significant safety improvements, some of them "radical and onerous," FIA said. It said further improvements are planned in 1995.

3 More Yachts Depart BOC Round-the-World Race

The Associated Press

CAPE TOWN — The grueling, round-the-world BOC Challenge yacht race has conquered three more sailors, officials said Friday.

Simone Bianchetti of Italy, competing for the first time in the single-handed race, withdrew after returning to Cape Town for a second time Friday to remedy deck problems aboard his Town of Cervia.

Floyd Romack of the United States, another first-time competitor, was dis-

qualified when he arrived in Cape Town on Thursday from Charleston, South Carolina, after spending 82 days at sea on the first leg of the race. Rules state that competitors must complete a leg within 30 days after the arrival time of the first boat in their class.

Neal Peterson of South Africa lost his mast in roaring winds and huge seas several hundred kilometers south of Port Elizabeth, South Africa, on Tuesday. He was trying to reach safety at Port Elizabeth after erecting a makeshift mast.

Christophe Augin of France still led the pack, with countryman Jean Luc van den Heede and Steve Pettigall of the United States in hot pursuit. JJ Provoyeur of South Africa was fourth.

An earlier casualty was France's Isabelle Autissier, who had won the first leg. Her mast was snapped Dec. 2.

The sailors left Cape Town for Sydney on the second leg of the race on Nov. 27. After Sydney, the 27,000-mile (43,300-kilometer) race continues to Punta del Este, Uruguay, before finishing in Charleston in the spring.

INTERCOLLEGIATE By Wayne Robert Williams

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- 5 Look
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- 15 Put away
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- 20 Forearm part
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- 22 Peacock in the sky
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- 27 White-tailed bird
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- 31 Boot camp
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- 35 Gain a lap

- 36 Directs
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- 39 Peaceful pause
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- 44 Run rings around
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- 63 "These—the times—"
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- 3 "Now!"
- 4 Author Wallace
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- 6 "Gerontion" poet
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- 9 Frequent court figure
- 10 The duck in "Peter and the Wolf"
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- 12 Severely pan

- 13 Spanish poet Federico Garcia
- 14 Provide with income
- 15 Word fight
- 16 Consumes
- 17 Not next
- 18 Like some suits
- 24 Microesian land
- 26 Paul Revere
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- 34 Fringe group
- 37 Follow
- 38 Request fervently
- 40 Oldtime bandleader
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- 52 Solomon's project
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- 62 Homer
- 65 Exclamations like "Phooey!"
- 67 Proposal of 3/22/72
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- 74 Country singer Travis
- 78 Thai, e.g.
- 80 —Today
- 81 "The Wizard of Oz" co-star
- 83 Ultrasmall photo
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- 87 Chooses
- 89 How the Old Woman lived
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- 91 Words before a drink

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© New York Times Edited by Will Shortz

- 95 Frill
- 96 Smoker's purchase
- 97 French palace
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- 101 Agreements
- 102 "Aunt —Cope Book"
- 104 Actress Scacchi
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- 107 Envelope abbr.
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